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FINANCIAL TIMES

No. 27,555 Wednesday May 10 1978 *15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.15; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.3.0; GERMANY DM2.0; ITALY L.500; NETHERLANDS Fl.2.0; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Pts.40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Setback in bid to save beaches

There was a major setback last night in the bid to save East Anglian beaches from further oil pollution when divers trying to secure a tow line to the bow section of the wrecked Greek tanker found they were working directly over a tank full of oil.

The divers, who thought they had been working over a dry tank, stopped work because of the explosion risk. It had been hoped to tow the section out to sea and sink it.

More trouble came when a boom, aimed at preventing the oil from the tanker moving up river towards the Norfolk Broads broke, allowing some oil to get through.

The crisis now hinges on exactly how much oil is left in the bow section, which contains three 1,000-gallon tanks. Back Page.

Carter policy victory near

President Carter appears to be heading for another foreign policy victory as Congressional opposition to his Middle East arms package begins to melt. A compromise is being mooted which could ensure the sale of fighter aircraft to Saudi Arabia, Egypt and Israel.

Meanwhile, Palestinian guerrilla organisations are increasing their troop strength on the occupied West Bank and moving in better equipment, according to Israeli security forces. Fatah and the Popular Front for the Liberation of Palestine are said to be smuggling arms and explosives across the Jordan and even through the port of Haifa. Page 4

Hove still out

Rhodesia's ruling executive council said last night it would not reverse the decision to dismiss Mr. Byron Hove, the black Co-Minister for Justice. But a statement said one member, Bishop Abel Muzorewa, "reserved his position" on the matter. Page 4

Gandhi success

Mrs. Indira Gandhi's Congress Party has won its first parliamentary by-election in Northern India, only a year after crushing general election defeats. Page 4

Breathless

Two climbers have become the first to scale Mount Everest without the use of oxygen, according to reports from the expedition's base camp. The are Reinhold Messner, from Villnoess, South Tyrol, Italy, and Peter Habeler, from Mayrhofen, Austria.

Hotels hope

Hotel owners on Spain's Costa del Sol last night reopened their hotels and allowed employees back to work, raising hopes of a settlement of a dispute which deprived holidaymakers of service for four days. The hoteliers had locked-out workers who staged a week-end strike to press pay demands. Page 2

Briefly . . .

Norwegian explorer Thor Heyerdahl and Egyptian desert expert Prof. Mohammed Abdel Fattah Kassas are 1978 joint winners of the $50,000 Pahlavi Environment Prize.

Leading snooker players Alex "Hurricane" Higgins and Graham Miles were fined £200 each by tournament organisers after a dressing room scuffle in Caerphilly, Wales.

The Queen, accompanied by Prince Philip, inaugurated the natural gas terminals of British Gas and Total Oil at St. Fergus, Aberdeenshire.

Experts have defused a bomb planted in Toulouse Stadium, where France is due to play a World Cup warm-up soccer match against Iran on Thursday.

BUSINESS

Gilts at new low; Equities fall 9

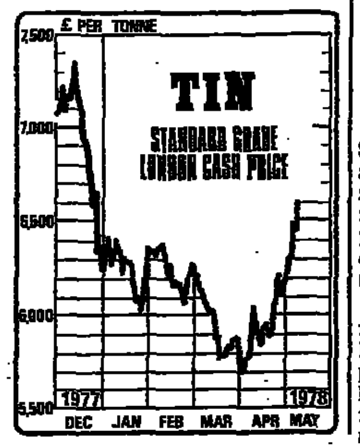
● GILTS were weaker with losses up to one point on the increase in money supply and higher bank base rates. Government Securities Index fell 0.31 to 71.12, a low for the year.

● EQUITIES rally was short-lived on dearer money trends and the CBI survey. FT 30-share index fell 9 points to 471.1. FT Actuaries bank sub-section index lost 3.5 per cent. to 194.61.

● GOLD rose $¾ to $173¼. The New York comex May settlement price rose to $172.30 ($172.0).

● STERLING fell 60 points to $1.8120. Its trade-weighted index was unchanged at 61.3. Dollar's weighted depreciation narrowed to 5.00 per cent. (5.11).

● TIN PRICES surged £130 to £6,605 a tonne on the London Metal Exchange—the highest point since December and £600 up on a month ago. Page 33.



● WALL STREET closed off 2.51 at 822.07.

● EUROPE must make further progress towards phasing out the "green pound" and eliminating currency instability, Mr. Roy Jenkins, president of the European Commission, urged. Page 7

● RETAIL sales volume was 1.8 per cent. up in the first quarter over the previous three months, and nearly 3 per cent. higher than a year ago, reflecting consumers' extra spending power. Page 6

Civil servants offered closed shop

● CIVIL SERVICE unions have been offered a closed shop with wide exemption provisions by the Government. Terms have been shown to Tory leaders. Back Page

● TUC LEADERS will press the Chancellor to-day to outline strategy for public spending and the future use of cash limits, which unions see as a wage restraint mechanism. Page 9

● POWER WORKERS' leader Mr. Frank Chapple ridiculed the idea that a productivity deal just concluded in the industry was within the Government's pay guide-lines. Back Page

● SINGAPORE AIRLINES is expected to sign a contract in New York to-day for jet airliners from Boeing worth more than £500m. Page 5

COMPANIES

● ROWNTREE MACKINTOSH is making a rights issue of 10.5m. ordinary shares at 345p per share on basis of one for four to raise £36.1m. Back Page and Lex

● LESNEY PRODUCTS turnover rose 12 per cent. to £62m. but pre-tax profits fell from £10.07m. to £8.02m. after a drop in currency gain, in the year to Jan. 29. Page 23 and Lex.

Moro's body found in car

BY PAUL BETTS: ROME, May 9

THE Italian Cabinet called an emergecny session to-night after the murder of Sig. Aldo Moro, the Christian Democrat president and five times Prime Minister of Italy. Sig. Moro's body was found abandoned today in a car parked within yards of the Communist Party headquarters and the headquarters of his own ruling party.

Italy's major trade unions immediately called a general strike until midnight to-night and a further two-hour general strike to-morrow as a sign of grief and solidarity in the wake of Sig. Moro's murder.

Train services stopped for 15 minutes. Cinemas, nightclubs and many shops closed. Flags were flown at half-mast and crowds gathered in the main squares of Italy's cities. An estimated 50,000 people assembled in Cathedral Square, Milan, and in Rome there was a demonstration at the Coliseum. Crowds also gathered at Christian Democrat headquarters in the Piazza del Gesu.

Sig. Giovanni Leone, President of the Republic, addressed the nation on television tonight and urged firmness against terrorism. "Everybody shares in the guilt for the events which led to the murder, but we must now protect democracy."

A new chance for Italy and Editorial comment Page 20
Timetable of tragedy Page 2

The body of the 61-year-old Christian Democrat leader, who was kidnapped in a bloody ambush on March 16 when his five police bodyguards were killed, was found in a Renault 4 car, covered with a blanket. There were bullet wounds on his head and chest. A post-mortem examination will be performed to-morrow on the body to ascertain exactly when and how Sig. Moro was killed.

As soon as the body was found, Sig. Francesco Cossiga, Interior Minister, went to the scene.... It was two hours, however, before police removed the body from the car because of fears that the vehicle was booby-trapped.

According to reports here to-night, Sig. Moro apparently may have been grazed by a bullet during the ambush near his home on March 16.

Sig. Moro was unshaven, and there was sand in his shoes and turnups suggesting that he may have been forced or dragged across a beach or a building site.

A big but fruitless manhunt has been underway since Sig. Moro's abduction. It became the country's biggest and longest peace-time police and army operation. The failure to unearth any substantial clues on the Red Brigades movement has raised serious doubts about the efficiency of the country's internal security forces.

The fact that the terrorists were able to-day to drop the dead body of Sig. Moro almost at the doorstep of the headquarters of the country's two major political parties in the centre of Rome has fuelled these doubts.

Continued on Back Page

Sig. Moro's body lies in the boot of a car after its discovery.

Ministers face new Finance Bill challenge

BY RICHARD EVANS, LOBBY EDITOR

SENIOR MINISTERS, having accepted Monday's defeat on the standard rate of income-tax remarkably calmly, faced the possibility of a further reverse on the Finance Bill in the Commons to-night.

A Conservative amendment raising the starting point for higher rates of tax from the proposed £7,000 a year to £8,000 looks like attracting support from most minority parties, thus making the Government highly vulnerable.

A division seems certain to be close, but the three Plaid Cymru MPs are expected to vote with the Government, saving Mr. Denis Healey, Chancellor of the Exchequer, from further embarrassment.

An unknown factor is whether Opposition MPs, having tasted blood once, will consider they have created enough havoc for the Government, and draw back from inflicting more defeats.

The cost of the amendment would be relatively low (£35m. this year and £45m. in a full year) but a defeat would be psychologically damaging following attempts by Ministers yesterday to emphasise the economic dangers of overturning the Chancellor's Budget judgment.

A more wide-ranging Tory amendment aimed at increasing incentives for middle and higher management, by rephasing the higher income-tax bands and reducing top rate from 83 per cent. to 70 per cent., is unlikely to succeed because of lack of support from the Nationalist parties.

A Government defeat on this would be particularly harmful, as the cost would be £155m. this year and a substantial £335m. in a full year.

The other major group of amendments to be debated to-day is on the investment income surcharge, when Tories will propose raising the threshold from £1,700 to £2,000. This is not expected to receive support from most minority parties.

The Prime Minister confirmed the Chancellor's statement yesterday that the Government would take no decision on whether to respond to the £370m. standard rate defeat until the Committee Stage of the Finance Bill was completed and the full extent of the reverses known.

With studied coolness Mr. Callaghan brushed off Tory demands for an immediate General Election after the unprecedented defeat.

Mrs. Margaret Thatcher, the Tory Leader, challenged Mr. Callaghan to treat as a matter of confidence an attempt to reverse the defeat on standard rate in the Report Stage of the Finance Bill in the summer.

"If the Prime Minister thinks that 33p in the £ as the basis of income-tax is irresponsible, why does he not take the only course possible to change that basic rate?" she demanded.

The Prime Minister parried the suggestion and accused the Opposition of behaving with its "usual irresponsibility." He said the Government would just have to accommodate that as best it could.

"If it is necessary to take further steps the Chancellor will have to do so."

In a reference to to-day's key divisions, Mr. Callaghan said that if further Opposition amendments on raising higher tax thresholds and cutting top rate were accepted, it would not only increase the irresponsibility of the Opposition, "but would also materially increase the difference between the rich and the poor."

There will be one more Committee Stage debate on the floor of the House next Tuesday on Tory new clauses, including stamp duty and deferment of payment on whisky duty, before the Finance Bill goes "upstairs" in standing committee next Wednesday.

The committee will then meet every Tuesday and Wednesday until the committee stage is completed.

Mr. Enoch Powell, United Ulster Unionist MP for South Down, insisted yesterday that his party's support for the Tory amendment cutting standard rate by 1p did not signal a fundamental shift in the balance of power at Westminster.

But the decision of the seven UUU MPs to overturn Mr. Powell's advice to abstain on the standard rate cut does not suggest that the group would make reliable allies once the Liberals pull out of the Lib-Lab pact in July.

● The Government was defeated in the Lords three times on the Scotland Bill, by one vote on forestry powers; 27 votes on airport powers; and nine votes on waterways.

Parliament Page 10

Money supply growth surges above target

BY MICHAEL BLANDEN

THE GROWTH of the money supply increased sharply last month to levels well above the Government's official target range.

The indications are that the main measure, the sterling element of money stock on the wider definition, might have risen 2 per cent. or more in the month to mid-April.

This would take the growth in the financial year as a whole to about 14½ per cent., compared with the target range of 9-13 per cent. This target has been superseded by a range of 8-12 per cent. for the current year, which will be revised on a six-month rolling basis.

Preliminary indications of the excessive monetary growth last month were one of the factors which prompted the Bank of England to allow a sharp rise from 7½ per cent. to 8¾ per cent. in its minimum lending rate on Friday.

After yesterday's figures and the increase in bank base rates to 9 per cent. the City markets expect a further increase in MLR.

The increase is a big setback for the Government's monetary policy. In his Budget speech Mr. Denis Healey, the Chancellor, was able to claim on the basis of the modest ½ per cent. rise on sterling M3 in the March banking month that the trend of monetary growth had come back to the desired range.

He said the increase for the financial year, which for the purposes of monetary policy ended in mid-April, would probably be just above the 13 per cent. ceiling but below 14 per cent.

The latest figure comes on top of the 12½ per cent. rise in sterling M3 recorded in the first 11 months of the year.

THE COST of overdrafts was raised yesterday as the big banks announced an increase, in base rates from 7½ per cent. to 9 per cent. At the same time, the banks took a cut in margins to increase the rate offered on seven-day deposits by 2 per cent. to 6 per cent. The increase will raise pressure on building societies to lift their rates. Back Page

The explanations of the jump in money supply are not completely clear. The probable reason is an unexpected increase in the Government's borrowing requirement in a month when sales of gilt-edged stocks were at a low ebb.

The indication of the money supply was given by the Bank of England's figures of the eligible liabilities of the banking system.

Eligible liabilities rose sharply by 3.1 per cent. to £42.0bn. The figure is subject to adjustments, including those made to reflect seasonal influences, but there seems to be no reason to suppose that the increase will not be substantially reflected in the money stock.

Figures published by the London clearing banks suggest that lending to the U.K. private sector, the other possible major source of monetary expansion, was relatively modest. The clearing banks said that in the five weeks their sterling advances to the U.K. private sector rose £159m.

After allowing for seasonal movements, the underlying growth was less than this figure and less than in previous months. There was, however, a substantial increase in holdings of £117m. in commercial bills.

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£ in New York

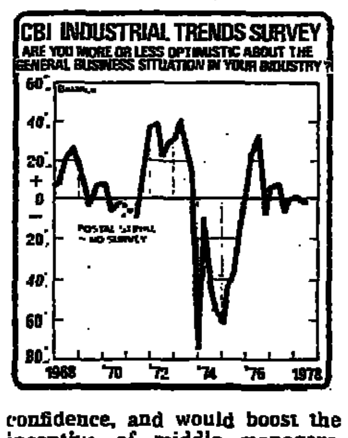
	May 9	Previous
Spot	[illegible]	[illegible]
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

Accept tax changes, urges CBI

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

LEADING INDUSTRIALISTS yesterday urged Mr. Denis Healey, Chancellor of the Exchequer, to accept the income tax changes that will be debated to-night in Parliament. They said they were needed to restore the flagging confidence in manufacturing industry.

At a special hour-long meeting, leaders of the Confederation of British Industry told Mr. Healey that their latest quarterly industrial trends survey, published yesterday, showed that general business optimism had slightly worsened since last month's Budget. There were few signs at home or abroad that the present general picture of "stagnation" would improve.



The tax changes being pushed through by the Opposition parties in Parliament would both help to restore general business confidence, and would boost the incentive of middle managers, small businessmen, and skilled workers who had been demoralised by not receiving as much tax help as they had expected from the Budget.

The confederation used the propaganda impact of their gloomy survey, coming a day after the Government's Commons defeat, to urge that a new approach was needed.

They also said that their survey, conducted among some 2,000 companies within a fortnight of last month's Budget, contained "rather worrying indications" about redundancies and unemployment during the coming months.

Led by Sir John Methven, the confederation's director general, Mr. John Greenborough, president, and two senior industrialists, Lord Plowden, of Tube Investment, and Mr. Ray Pen-

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Details Page 12

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Costain (R.)	300	+ 10
Mitchell Cotts Trnspt.	73	+ 5
Burmah Oil	56	+ 3
De Beers Dfd.	347	+ 8
East Driefontein	655	+ 12
East Rand Prop.	312	+ 13
Tasminex	85	+ 5
Thiess Holdings	216	+ 6

FALLS

Treas. 12pc 1983	£104	— ½
Excheq. 12pc 1998 (£30 pd.)	£29	— 1
Barclays Bank	343	— 12
Beecham	647	— 13
Bibby (J.)	223	— 6
British Home Stores	188	— 6
Distillers	179	— 6
FPA Construction	17	— 6
Furness Withy	262	— 13
Glaxo	555	— 7
GUS A	288	— 10
GKN	277	— 7
ICL	276	— 6
ICI	345	— 9
Marchwiel	298	— 10
NatWest	283	— 12
Pearl Assurance	236	— 6
Redfearn Nat. Glass	268	— 5
Rowntree Mackintosh	400	— 18
Royal Insurance	376	— 10
Scot. Universal Invs.	115	— 4
UDT	34	— 3
United Scientific	306	— 14
Vosper	156	— 6
Shell Transport	574	— 8

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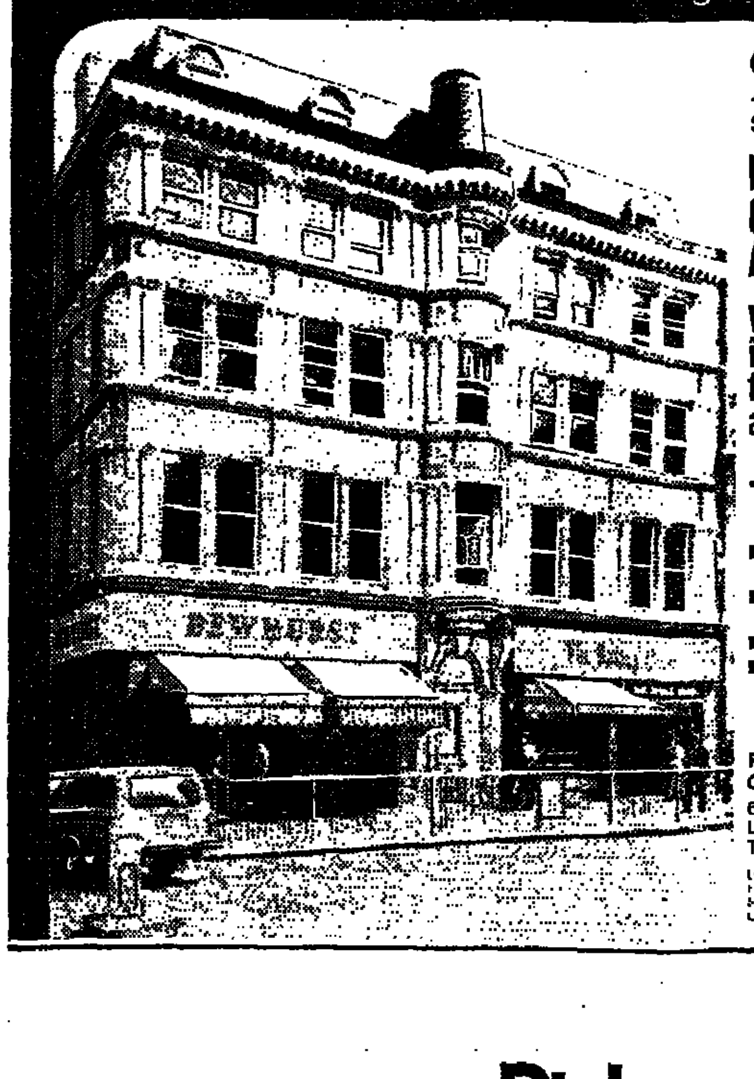


EUROPEAN NEWS

Ecevit will present arms shopping list at talks in Bonn

BY METIN MUNIR ANKARA, May 9.

TURKEY is to submit an arms shopping list to West Germany and will make proposals for German assistance in the manufacture of arms in Turkey.

Mr. Bulent Ecevit, the Turkish Prime Minister, who starts a four-day visit to West Germany to-morrow, told a news conference to-day that during his talks with Chancellor Helmut Schmidt he would take up the question of the supply of German arms.

"We shall also put forward proposals for German assistance in the manufacture of certain defence items and equipment and their sale to NATO countries and other States by Turkey," Mr. Ecevit said.

A meeting was held at headquarters of the Turkish General Staff in Ankara yesterday to draw up the shopping list and the projects for which German assistance would be sought. Mr. Ecevit gave no details to-day.

Turkey has been starved of arms since the U.S. imposed an arms embargo three years ago because of Turkey's invasion of Cyprus. Mr. Ecevit's Government is drafting a new defence policy, one of the aims of which is to secure arms from a wider range of suppliers.

Turkey placed an arms shopping list with the West Germans, including tanks, aircraft and missiles, more than two years ago. But a deal could not be completed because Bonn refused to guarantee a long-term loan which Ankara sought. The same difficulty is expected to recur, but perhaps Mr. Ecevit is counting on his special relationship with the West German Social Democrats for a better deal.

Reuter adds from Bonn: West Germany will provide DM130m. (about \$65m.) in credits to Turkey under an agreement signed to-day in advance of Mr. Ecevit's visit. Officials said the credits would be used for industrial projects including an iron ore plant and a cement works.

Other ways of extending economic co-operation between Turkey and West Germany — its most important trading partner —are also expected to be discussed.

Bonn gave Turkey capital assistance worth DM3.1bn. (about \$1.5bn.) between 1959 and 1977. Officials to-day said other West German aid to help Turkey through its economic crisis would mainly be channelled through multilateral organisations such as the World Bank and International Monetary Fund.

The two leaders are also expected to discuss the Cyprus question.

Payments resumed, Page 5

EEC uranium sources call

BY DAVID BUCHAN STRASBOURG, May 9.

THE EUROPEAN Community should diversify its sources of uranium supply, EEC Commissioner Mr. Richard Burke to-day told the European Parliament here in answer to an MP's question calling for a shift away from South African supplies.

Mr. Burke, speaking for the Commission, said South Africa ranked second among non-Communist producers, accounting for 20 per cent. of world reserves. He went on to warn the Community, which in the 1980s will be 80 per cent. dependent on outside supplies, should not be "overly dependent" on any one source of supply.

But he refused on grounds on commercial secrecy to tell Mr. Pieter Dankert (Dutch Socialist) how much South African uranium currently came to the EEC.

Refining cutback approved

BY OUR OWN CORRESPONDENT STRASBOURG, May 9.

THE EUROPEAN Parliament to-day passed a resolution approving the Commission's plans to reduce excess oil refining capacity in the EEC, but deploring its recent proposal that EEC oil stocks should be cut from 90 to 54 days' consumption.

Defending the planned cut in stocks, Herr Guido Brunner, EEC Energy Commissioner, told MPs yesterday that storage was immensely costly and that the consumer ultimately had to shoulder the expense. Herr Brunner made it clear that the Commission's proposal was based on the assumption that British North Sea oil, now on stream, would be available to meet any shortfall.

In a crisis Britain should be ready to share its oil with its EEC partners, he said. "To look upon that as a threat to national sovereignty and the right to dispense national resources would be a wrong interpretation, displaying excessive sensitivity."

However, MPs supported the argument of Mr. Tom Normanton (British Conservative), who introduced the debate and who maintained that cutting supplies to eight weeks' consumption would weaken the Community's position vis-a-vis the OPEC countries.

Fishermen to blockade 20 Danish harbours

By Hilary Barnes

COPENHAGEN, May 9.

FISHING VESSELS are setting up an indefinite blockade of 20 Danish ports from midnight to-night. The blockade, involving 1,800 craft, will cut off Copenhagen and the island of Zealand from seaward contact with the rest of the world, but the Jutland west coast ports will not be affected.

"We will stay put until we are removed by the military," Mr. Leif Hansen, one of the fishermen's leaders, said today.

Mr. Anker Joergensen, the Prime Minister, has appealed to the men not to start the blockade, which he said, would be illegal.

The fishermen decided on their blockade when the Government refused to meet demands for larger fisheries quotas in the Baltic and financial assistance. The Government has promised to put forward proposals at the end of this week to alleviate the fishermen's problems.

The protest began last week when 400 Baltic fishing vessels converged on Copenhagen. Last Friday they staged a four-hour blockade of Copenhagen and several other ports.

The Baltic fishermen's quotas have been cut severely this year. They claim they are in danger of going out of business unless they are allowed to catch more fish or receive substantial financial aid. The Baltic men have been joined by fishermen from other ports, and there were reports to-day that West German Baltic fishermen were planning to support them.

The Government has promised to call a meeting of the Baltic Fisheries Commission, which sets the quotas for Baltic catches, to reconsider the distribution of the Danish quotas, to speed up the work of the commission on the future of the fisheries, and to consider temporary financial assistance.

But the fishermen, who are acting against the advice of the two fishermen's associations, called on the Government to meet their demands by to-day or face the blockade. The protest is expected to disrupt ferry services between Denmark and Sweden and Germany as well as services across the Great Belt, which link the Jutland peninsula and the island of Funen to Zealand.

U.S.-Soviet arms talks

The Soviet Union and the U.S. have said that they agree on much of the scope of a proposed ban on chemical weapons, but that they are still divided about how to guard against cheating, Reuter reports from Geneva.

Italy humiliated by terrorists' competence

BY ANTHONY ROBINSON ROME, May 9.

DISCOVERY of the body of Sig. Aldo Moro in the centre of Rome is as humiliating for the Italian State and its security forces as the original capture of the Christian Democrat leader 55 days ago.

Ever since his disappearance, 50,000 police, para-military Carabinieri, and units of the elite finance guards, backed by the armed forces, have manned road blocks, searched areas of Rome and other cities and combed sections of the countryside.

While all this frantic activity was taking place, including round-ups of Left-wing suspects, small units of the Red Brigades flaunted their criminal competence by carrying on their programme of knee-cappings and shootings, not to mention attacks on a number of leading companies like the Alfa Romeo car group and Sit-Siemens electronics.

The police have registered a similar lack of success in trying to stem the wave of kidnappings for ransom which has afflicted Italy in recent years. The whole process of law and order has been called into disrepute by the appaling state of Italian prisons, the judicial system, and the apparent slowness and political interference with investigations and trials of a whole series of political and other crimes.

In part this is due to the bad pay and inadequate training of the police forces, rivalry between various arms such as the Carabinieri and the armed public security police, the involvement of senior elements of the secret service in various right-wing plots and the strong political objections to the formation of a unified police force in a country which endured 20 years of fascist dictatorship.

But the challenge represented by the Red Brigades goes far beyond a challenge to the security forces. They have declared themselves enemies of the Italian State, and of what they see as 30 years of Christian Democrat corruption compounded now by a historical betrayal of the working class by the trade unions and the Communist Party.

The Communist Party, however, helped to write the present republican Constitution, has worked within it to achieve its present respectability as a potential Government Party and has insisted throughout this crisis that the State must not be seen to give in to its enemies, especially an enemy whose left-wing credentials it strongly disputes.

If the impenetrability of the Red Brigades is frustrating to the security forces, it is doubly worrying for Italy's Left-wing parties. The Communist Party, in particular, has always prided itself on keeping its ear to the ground. This time that collective ear has picked up nothing.

A highly organised, militant and violent group of self-styled revolutionaries with unknown sympathisers in factories, ministries, the means of communications and probably in the security forces, is at large. It is pledged to the overthrow of the entire political system and clearly in a position to strike again.

This threat has pulled all the democratic parties together in defence of the State. The State has not ceded to the most appalling psychological pressure and Sig. Aldo Moro has paid for this new found solidarity with his life.

A new consensus now exists for a radical reorganisation of the security forces. But, if the Italian State is to survive in a democratic form it has to use this new found unity to tackle the corruption, the alienation of youth, the frustration of unemployment, and all the other problems which have accumulated, unresolved, during 30 years of radical but incomplete transformation into an industrialised, urban society.

Timetable of a tragedy

March 16: Sig. Moro kidnapped on way to work in an ambush that kills his five police bodyguards. Red Brigades urban terrorist group claims responsibility and theaten to kill Sig. Moro unless Red Brigade members due to stand trial in Turin are released within 48 hours. Trade union leaders call 24-hour general strike to protest against the kidnap, and Parliament rushes through confidence motion in support of Government.

March 17: Hunt launched, concentrating on Rome.

March 18: Forty-eight-hours deadline passes. Red Brigades issue photograph of Sig. Moro.

March 20: Turin trial opens amid tight security. Communist Party newspaper L'Unita says "top-level powers, probably even outside our country" involved in the kidnap, and ruling Christian Democrats also hint at foreign involvement.

March 21: Parliament brings into effect strict anti-terrorist measures giving police wider powers of arrest and of interrogating suspects.

March 24: Sig. Giovanni Picco, former Mayor of Turin, wounded by terrorists.

March 25: Red Brigades issue communique saying Sig Moro was being tried by a People's Court: "The interrogation of Aldo Moro is continuing . . . The aim is to clarify the imperialist and anti-proletarian policies of the Christian Democrat party."

March 29: Sig. Bettino Craxi, the Socialist leader, joins with Christian Democrats in calling for tough measures to help capture of kidnappers. Press criticises police for lack of results. Sig. Craxi says: "Law and order can only be restored folowing the effective reform of the police and the magistrature."

April 2: The Pope appeals for the release of Sig. Moro and offers to act as an intermediary. Christian Democrats criticise offer, insisting that no deal should be made.

April 3: One hundred left-wingers detained under new anti-terrorism measures.

April 4: Red Brigades demand the release of "all Communist prisoners," and Sig. Moro appeals in another letter for an exchange: "They cannot forget that my dramatic seizure happened as I was going to the Chamber for the consecration of the Government which I had worked so hard to construct." The Government replies to the Red Brigades that no form of "blackmail" can be acceptable.

April 7: Sig. Felice Schiavetti, a Genoa industrialist, is wounded by the Red Brigades.

Aprill 11: Red Brigades reject Press reports of a secret deal with the Government. Sig. Moro appeals in another letter for open negotiations.

April 12: Turin prison guard killed in attack by terrorists. One terrorist captured but too seriously wounded to be interrogated.

April 15: Government claims all-party support for "no deal," but some Christian Democrat members favour a compromise for humanitarian reasons.

April 15: Red Brigades announce People's Court verdict: "The interrogation of Aldo Moro is over. He is obviously guilty and has been sentenced to death." Government claims all-party support for "no deal," but some Christian Democrat members favour a compromise for humanitarian reasons.

April 17: Caritas, the Roman Catholic charity, offers to mediate.

April 18: Sig. Moro's body "is at the muddy bottom of Lake Duchessa in the province of Rieti," says message apparently from Red Brigades.

April 19: Frogmen search of lake fails to discover Sig. Moro's body.

April 20: All political parties unite in not giving in to the kidnappers. Red Brigades communique denies Sig. Moro is dead and reiterates demand for the release of all "Communist prisoners."

April 24: The Government rejects the demands: "It was noted that the request for an exchange of prisoners was and is unacceptable because it is against the freedom of all, against respect owed to victims of terrorism, and against the legal system of the Republic."

April 26: Sig. Giocarlo Mochelli, the former Christian Democrat President of the Lazio regional government, is shot in legs in Red Brigades-style ambush.

April 27: Sig. Sergio Palmieri, a Fiat industrial relations executive, is shot in legs. Red Brigades claim responsibility.

April 29: Seven letters from Sig. Moro received by his family and delivered to the President, the Prime Minister, the presiding officers of the two Houses of Parliament, to the leader of the Socialist Party and to two Christian Democrats.

May 1: Sig. Moro's family publishes statement condemning in strong terms the Christian Democrat Party's continued insistence on refusing any negotiation with the terrorists. Thousands of Italians demonstrate against terrorism in May Day parades.

May 2: Sig. Andreotti meets Communist and Socialist leaders to discuss Sig. Craxi's proposals on negotiating Sig. Moro's release.

May 3: Some Socialists and Christian Democrats understood to be in favour of granting concessions to the kidnappers. However, the Government remains adamant that, although the terrorists could expect "humanitarian" treatment if they released Sig. Moro, there would be no negotiation.

May 4: Officials say they believe the Red Brigades are deliberately trying to split the country's political forces.

May 5: Red Brigades announce, in an apparently authentic communique, that they were "about to carry out the sentence" on Sig. Moro.

May 7: Sig. Moro says in a farewell letter that the Red Brigades are going to kill him "in a little while."

May 8: Red Brigades silent on fate of Sig. Moro, but a Milan doctor, Sig. Diego Fava, is shot and wounded by terrorists.

May 9: Sig. Moro's body found in a car near both the Christian Democrat and Communist party headquarters.

Moro's sacrifice, Page 20

Catalan metal workers strike

By David Gardiner

BARCELONA, May 9.

METAL WORKERS in the province of Barcelona went on strike to-day in what looks like the first of a series of stoppages after the breakdown of negotiations in the sector's yearly pay agreement. Early reports from the main trade unions involved in the 24-hour stoppage indicated that over 90 per cent. of the 240,000 metal workers had joined the strike.

The metal workers are the most powerful sector of Catalan labour.

Spanish hotel owners agree to lift lock-out

BY ROBERT GRAHAM MADRID, May 9.

THE MAJORITY of hotels and restaurants on the Costa del Sol in southern Spain were closed for the fourth day running to-day, as the pay dispute between the hotel owners and the staff remained unresolved. The dispute has meant that at least a third of the tourists in the Malaga area have left.

Tonight the Hotel Owners Association on the Costa del Sol agreed to end the lock-out which has been in force since Monday but it was still uncertain whether the hotel staff would agree to return to work before a basis of negotiation had been established.

A meeting of the trades unions involved had decided in the early hours of this morning not to resume negotiations on a new pay agreement until the lock-out was lifted. The civil Governor of Malaga is also understood to have sent telegrams ordering the lock-out to be lifted.

The 48-hour strike is said to have cost the industry Pts.1.6bn. (\$20m.). If a solution is not forthcoming by the end of the week, industry sources say the tourist season on the Costa del Sol, which has the highest concentration of beds in Spain, could be seriously affected.

The dispute is about wages. But it is also a reflection of the trades unions' desire to establish a strong presence in a sector where union rights have been neglected. More generally, it is a reflection of the serious discontent in the Malaga area which is suffering 12 per cent. unemployment, one of the highest levels in Spain.

Hotel staff are currently being paid a basic Pts.18,600 (\$232) per month plus a percentage of turnover. They are seeking a minimum wage of Pts.28,500 (\$356). Although this is a 53 per cent. increase and well above the Government ceiling of 22 per cent. for 1978, a spokesman for the Socialist-orientated union, UGT, pointed out that this increase was being sought without a share of turnover. So in practice this would be much less and take-home pay would amount to Pts.23,800 (\$297). The hotel owners have offered a maximum of Pts.23,500 (\$293) per month and have also refused to have a single wage agreement covering both hotel staff and restaurant staff.

The wage demand is merely seeking to align pay structures with those minimally offered in the industry. At present, wages in this sector are between 20 and 25 per cent. below industrial levels, and there is considerable discontent among hotel staff for this reason. Until trades unions were legalised in April 1977, the cheap labour of the tourist industry had no means of organisation and enforcing their demands without losing jobs. It was no accident last year that some of the most bitter strike action was seen during the hotel strike of August which affected a large part of Spain for over a week.

From the management point of view, there is the painful realisation that the days of an industry based on the availability of cheap labour is now drawing to a close. It was the low labour overheads which enabled the hotel owners to provide such competitive prices to the international tour operators.

The rise in the cost of labour and the increased militancy of the trades unions has caused concern among the tour operators and added an element of uncertainty to a previously stable market. According to union representatives, the hotel owners have been told to take a tough stand by the tour operators—and it was this attitude which was a determining element in the decision to implement a lock-out on Monday. A spokesman for the hotel owners declined to comment on this allegation. So far there has been little violent picketing and 19 people arrested over the week-end, were all quickly released.

AN urgent inquiry has been called for in Madrid following two serious accidents—one on Monday night—in the city's Metro in which 227 were injured. A state takeover of the private company, which runs the underground railway, has also been urged.

Owen underlines importance of Soviet trade

By Our Foreign Staff

DR. DAVID OWEN, the Foreign Secretary, underlined last night the importance of trade to the success of East-West detente and specifically, to the maintenance of good relations between Britain and the Soviet Union.

Speaking to a meeting in the Commons of the Anglo-Soviet parliamentary group, Dr. David Owen said that good relations with Moscow were a "priority" for the British Government. Detente, said Dr. Owen, was at times a frustrating and slow process and that there had inevitably been setbacks in East-West relations. But a dialogue at differing levels could help eliminate misunderstanding.

A significant part of this dialogue, the Foreign Secretary made clear, was bilateral trade. In 1977, the turnover of U.K. trade with the Soviet Union was about £1bn., he said, and British exports to the USSR totalled about £300m. Dr. Owen hinted that he would welcome more Soviet purchases of British goods, and that this would contribute "not only to better mutual understanding . . . but also to prosperity and employment in both countries."

The Foreign Secretary made no reference to the row over remarks in Peking by Sir Neil Cameron, the Chief of the Defence Staff, which described Moscow as the common enemy of Britain and China. The tone of Dr. Owen's speech was distinctly conciliatory.

Greek reshuffle hinted

There were persistent reports yesterday of an impending reshuffle of the Greek Government to take in dissatisfied Centrist MPs, our Athens correspondent writes. Government denials did nothing to quell the reports.

Newspapers said Mr. Constantine Karamanlis, the Prime Minister, had announced his decision to reshuffle and broaden the Cabinet during a meeting at his home on Monday night.

French unemployment thought likely to rise by almost 50%

BY DAVID CURRY

PARIS, May 9.

FRENCH UNEMPLOYMENT seems certain to increase by almost 50 per cent. by the end of the year to about 1.5m. This is the figure accepted by the main unions as probable and, while there exists no Government projection of unemployment, officials in the Labour Ministry are prepared privately to endorse this opinion.

A number of industrial sectors with large workforces are likely to have to shed workers over the next few months as the Government insists upon its policy of giving priority to efficiency and profitability and sticks to its determination not to help "lame ducks."

Textiles, shipbuilding and steel are the most obvious candidates and there is no prospect of posts being created for workers made redundant since the whole emphasis of the Government's industrial policy is upon the development of France's technological capacity to survive competition internationally, particularly from new entrants to world markets like Korea and Brazil.

In addition, the Government's agreement with the employers last year to provide fiscal concessions for companies who recruited young people has resulted in a number of concerns taking on more people than could be economically justified. These companies are now readjusting their totals mainly by shedding older workers in order to maintain young recruits in jobs.

Indeed, although the employers claim that the "employment compact" with the Government resulted in more than half a million young people finding jobs in the period prior to the election, the unions claim that there was no net increase in employment at all because of this phenomenon of job swap.

Finally, the picture is made more sombre by the sheer arithmetic of school-leavers. Around 600,000 people seek their first job each year, and the excess of new entrants to the labour market over retirements is running at the rate of at least 200,000 a year.

In the last two months, the seasonally adjusted figures for unemployment have begun to rise again after a brief decline around the turn of the year which enabled the Government to wage its election campaign claiming that the situation was under control. But the figures for notified vacancies, which is a more reliable guide as to the trend of the market, have been declining for more than six months.

The present unemployment level of just over 1m. is the result of recent modifications in the method of calculation which have slimmed the figures. In particular, to eliminate "fictional unemployment" between job changes a person does not get registered as unemployed on his first visit to a labour exchange but only from his second. In addition, a person ceases to be counted as unemployed from the moment he has accepted a job offer, irrespective of how far in advance is the starting date for the job. For example, a teacher who accepted in May a position from September would immediately disappear from the unemployment totals.

It is estimated that these refinements of calculation could make a difference of around 10 per cent. to the totals. Few people give much credibility to the rival calculations done by the Communist-led CGT union which reckons that, on the basis of International Labour Organisation criteria, the real jobless total in France is almost 50 per cent. higher than the official total. A number of observers would argue that the Government's statistics understate real unemployment perhaps by as much as 25 per cent in comparison with less meticulous methods of calculation used in other European countries.

The prospects for unemployment have implications for the Government's policy of restoring price freedom to companies over the second half of the year. It must face the prospect that if companies are allowed to post sharply higher prices this will inevitably provoke demands for higher benefits for the family and the unemployed and wage claims well beyond the severe guidelines to which M. Raymond Barre is determined to stick. In turn, this could well provoke social and industrial unrest which could jeopardise the improvement in France's external position and the confidence in her currency, particularly as the Prime Minister has renounced all tax increases before 1980.

There are some signs that the Government's definition of the liberal social market economy which it has prescribed for France, has caused some scepticism within the administration. While the formal apparatus of price control may not be invoked, the Government may well be pressing the need to exercise price freedom within the restraints imposed by the global national interest.

Norwegian urges joint action on oil exports

By Bruce Andrews

HOUSTON, May 9.

BRITAIN and Norway must work more closely together to capture a share of the export market in oil-related supplies and services, Mr. Trygve Tam Burstuen, Norway's Deputy Minister of Oil and Energy, said in an interview here with the Financial Times.

Mr. Tam Burstuen, who was attending the Offshore Technology Conference at Houston, said there were areas in the offshore market where the U.K. and Norway complemented each other.

"We ought to co-operate in the export market," he said. "But if we are to do so successfully, we must first have better co-operation in the North Sea." He added that Norwegian and British Ministers would discuss the subject at a meeting in London next month. He did not see the U.K.'s membership of the EEC as an obstacle to co-operation. "We have to look at it in a pragmatic way."

Mr. Tam Burstuen, was not hopeful however, about the early prospect of Norwegian co-operation with the U.K. over a pipeline network for collecting gas from North Sea fields.

"*We are not prepared to* take a decision on this subject at the moment. We do not have enough gas. I think we may be prepared to look at it at the end of next year when *drilling has taken place of the* 16 new blocks we propose to allocate this summer and autumn."

In the meantime, Norway was still deciding what to do *with the gas from the Statfjord* field.

Drilling starts this year on some of the new blocks, he said, the first being the so-called "golden block," 34/10, which had already been allocated. He hoped oil discoveries in these areas would enable Norway to extend its oil production up to the 90m. tonnes a year limit established by the Government. Production from existing oilfields looked like peaking at 60m.-65m. tonnes a year in the 1980s.

The Norwegian Government was also looking carefully at ways of developing marginal fields.

"We are having a status report prepared on each of the yields," said Mr. Tam Burstuen, "and in August we will be ready to listen to proposals from the oil companies."

It was not intended, however, to make any changes in the taxation system.

Asked whether policy had changed as a result of the blowout on the Ekofisk field last year, Mr. Tam Burstuen said Norway had increased its demand for better training of offshore personel, better organisation and better communications.

"What we thought could not occur did occur," he said. "But while we can and must diminish the risks of offshore accidents of this kind, we must acknowledge that we can never reduce them to zero."

Holland allows extradition of terrorists

By Charles Batchelor

AMSTERDAM, May 9.

ALL THREE members of the West German Red Army Faction held in Dutch prisons can be extradited to West Germany, according to a ruling by Holland's Supreme Court. The Court ruled that one of the men, Knut Folkerts could not be extradited on the grounds of his alleged involvement in the kidnapping and murder of the German employers' leader Dr. Hanns-Martin Schleyer, but he could be extradited on suspicion of committing other offences.

The Supreme Court turned down the appeal by Folkerts, and by Gert Schneider and Christolph Wackernagel against a lower court ruling that there were no legal objections to their extradition.

Mr. Jacob de Ruiter, the Justice Minister, is expected to decide within the next few days whether the extraditions will take place. If he decides they can, the three men can appeal to the Privy Council. They have already asked the Minister of Justice to classify them as refugees and a decision is still awaited. Folkerts is serving a 20-year sentence for murdering a Dutch policeman.

WORK SHARING IN THE EEC

Fewer hours for the same pay

BY DAVID BUCHAN IN BRUSSELS

BELGIAN TRADE unions now seem well on the way to giving substance to their slogan "36 hours by 1980." They are demanding a standard working week of no more than 36 hours by the end of the decade. Last week some 600,000 public sector workers wrested from their employer, the Tindemans Government, a 38 hour week to start from next year (down from the present nationally agreed maximum of 40 hours). This is likely to be a powerful blow to those private employers who have so far resisted similar concessions.

The Belgian employers' federation, the FEB, has been voicing increasing concern at the unions' progressive success in getting less work time for the same pay. The unions—the socialist FGTB and the christian CSC federations acting together—say that overall pay must be maintained to keep up purchasing power and consumption in a stagnant economy. The FEB points out that this will inevitably raise unit labour costs that are already, along with West German and Dutch, among the highest in the European Community.

The Belgian unions' drive for a shorter working week comes in the context of a wide push by the European trade union movement for "work sharing." This, the EEC Social Affairs Commissioner Henk Vredeling has defined as, "the organisation of work available in the entire economy in such a way that all those willing to work can do so." In other words, a better spread of work to soak up some of the growing number of unemployed. The spectre immediately facing the union movement is the 6m. Europeans (5.7 per cent. of the active workforce in March, 1978) now without jobs.

But demographic forecasts show that the job market will get much worse between now and 1985. In that period though, the EEC population will increase only by an estimated 4m., the number of those youngsters coming on to the labour market will rise by some 9.7m., as the post-war baby bulge works its way through.

According to the EEC forecasts, only in 1986 will the situation start to right itself, with the number of those reaching the age of 16 in that year falling to 3.8m. and those reaching the pensionable age of 65 rising to 3.1m. But the enlargement of the European Community to take in the relatively young work forces of Spain, Greece and Portugal after that date might even counteract this.

Looking at the next eight or nine years, when the working

Demographic forecasts show that the EEC job market will get much tighter between now and 1985. The number of youngsters looking for work will increase by 9.7m. because of the post-war baby bulge.

population (the 15 to 65 years age group) will increase by 1.5-2m. each year, the unions see the need for work sharing. The Brussels-based European Trade Union Confederation (ETUC) has been pushing for this to be examined at the EEC level. Possible measures divide into two categories: those that aim to reduce the manpower pool, such as earlier retirement, longer schooling, and those aimed broadly at cutting the amount of work that a worker puts in.

In general, all these measures only reinforce existing trends. *For instance, total working time* in Western Europe has declined an average of 1 per cent. a year between 1960 and 1975. But this has been the result of piecemeal improvements in working conditions. What the European trade union movement now wants is co-ordinated and accelerated action to solve the pressing, medium term employment problems.

The ETUC has left the national union federations to map out their individual strategies. The West Germans have sought longer holidays, the French earlier retirement guarantees, and it is the Belgian unions that have most vigorously pursued a reduction of the working week. The importance to the Belgian unions of getting a shorter standard working week is that hours worked above that level count as overtime, are paid as such, and can be strictly controlled under Belgian labour law. The demand for a 36-hour week was first tabled last September, and promptly rejected by the FEB in national negotiations. The unions, undeterred, decide to pursue their goal sector by sector. In January they won a crucial victory, getting a 38-hour week by 1979 for some 5,000 oil refinery workers and tanker drivers.

This was the first industrial sector to give way: previously it had only really been the services, notably banking and insurance, that had granted less than 40 hours. The oil companies, and the Government, which was officially neutral in the dispute but came up with a convenient compromise, were clearly relieved to avoid a threatened stoppage. It was only pressure from the FEB on the oil companies that brought this dispute to the brink of a strike.

But as the FEB privately acknowledges: "We cannot compel our members to commit suicide." After the oil sector settlement, it seems to have been easy progress almost all the way for the unions. A strike of 10,000 Ford car assembly workers demanding reduced working hours was bought off by the company offering a pay rise that the workers had not even originally asked for.

But the unions have more than compensated for this setback by subsequent victories in the retail, non-ferrous metal refining (a big sector in Belgium), electronics and metal engineering industries. Last week's public sector settlement, which has yet to be ratified by the union rank and file, provided the climax.

So far, the union strategy has been noticeably selective—aimed at those sectors which they reckon can afford to pay more, and leaving aside those such as the textile and construction industries which probably cannot. The FEB also points out that only some 11 per cent. of the private sector work force have, since 1975, got negotiated shorter working hours. It is true

The biggest criticism of the Belgian union policy of shortening the working week is that it does not increase employment. Demand is slack and management is glad to cut production.

that the public sector deal came too late to reflect on most of this year's private sector bargaining, nearly all completed for 1978 collective contracts. But it is hard to see further reductions from 38 hours not becoming a condition of the unions' positions in 1979 negotiating rounds.

The FEB can justly complain that it has not had the support of Prime Minister Leo Tindemans that it might have expected. Officially, his Government sat on the fence, until with the public sector negotiations it could maintain that posture no longer. The Prime Minister admitted in public, though, that he thought "36 hours by 1980" was going too far, too fast ahead of Belgium's EEC partners when Belgians already worked shorter hours than any of the others. But Mr. Tindemans has to live with a coalition. Pressure from his Socialist allies and the fear that the rash of strikes, in support of demands for shorter working hours, might become an epidemic combined to persuade him to give in.

The most telling criticism of the union strategy is that it has failed in its stated aim—to increase employment. In only one agreement, that for department stores, have the unions been guaranteed that extra personnel would be taken on. In other sectors, company managements are simply likely to reduce production, no great hardship given currently slack demand, or try to increase productivity. Belgian unemployment has certainly fallen from its peak of 304,000 in January to 280,000 now. But that drop is due to special Government work schemes that have given some 29,000 youngsters jobs since the start of 1978. The only way companies can be encouraged to take on more people, the FEB says, is if "short time working" is introduced. Workers would then be paid less because they would be working less. But this form of "pay sharing" fails, not surprisingly, to wash with the unions.

The ETUC admits that a shorter working week will not by itself lead to more employment. It wants supplementary measures such as overtime bans and control on investment to be introduced at an EEC level. This might overcome fears that concessions made in one country might undermine its competitive edge with its EEC neighbours.

The ETUC has found some limited support in the Brussels Commission for a community approach to certain aspects of "work sharing." Mr. Vredeling has said he thinks there is a case for an EEC initiative to control overtime and shift work. *Although he is a long way from* getting member governments' approval, the idea has found a favourable echo from national employment ministers.

OVERSEAS NEWS

Japanese banking criticised

By Charles Smith, Far East Editor

TOKYO, May 9.

JAPAN'S SYSTEM of banking regulations was criticised to-day by the EEC Commissioner for Financial Institutions, Mr. Christopher Tugendhat, for a "lack of transparency" and for a de facto bias in favour of domestic banks.

In an interview with the Financial Times Mr. Tugendhat said he thought the obscurity of the system, based on case by case administrative guidance gave rise to "suspicion and a sense of injustice . . . . What we need is a system in which the parties concerned understand the rules."

Japan's tightly regulated banking system seemed to be appropriate to a small or struggling economy, Mr. Tugendhat noted, but was not "consistent with the dignity and position of one of the world's great economic powers." The reform of the Japanese banking system could not be regarded as simply a domestic issue because Japan had outgrown the point where it could please itself in the regulation of its financial affairs.

Mr. Tugendhat said there was a rising feeling of dissatisfaction and worry on the part of foreign banks in Japan at the degree of restraint imposed on them by the authorities. He was careful to stress, however, that the situation did not amount to a crisis and that "a lot of consideration of these problems seems to be going on in Japan."

He described his own mission as an attempt to create a framework for discussion rather than a bid to extract immediate concessions from the Japanese banking authorities. The EEC Commission had not been given a mandate to negotiate with Japan on banking problems. This meant, said Mr. Tugendhat, that his talks with Japan would be less formal and expected to produce fewer concrete results than the EEC—Japan trade negotiations of February and March (which were the result of a mandate given to the Commission by EEC member governments).

Mr. Tugendhat said one complaint against Japan's banking regulations was that they positively force foreign banks to bring money into the country even though Japan's present affluence means that it should be trying to export, rather than import capital. The system could be changed so as to allow foreign banks greater access to yen funds, he implied. Mr. Tugendhat also criticised controls on the opening of new branches as a de facto form of discrimination against foreign banks.

Rhodesian Executive refuses to reverse sacking of Hove

BY TONY HAWKINS

SALISBURY, May 9.

THE CRISIS over the dismissal of the black Justice Minister Mr. Byron Hove apparently remained unresolved to-night when the four man transitional Executive Council refused to reverse its decision of last month relieving Mr. Hove of his post after a seven hour meeting.

Bishop Abel Muzorewa, leader of the United African National Council (UANC) who appointed Mr. Hove, "reserved his position"—the official statement said. The UANC warned after Sunday's meeting, the party was likely to pull out of the agreement unless Mr. Hove was reinstated.

To-night two official statements implied there was no imminent likelihood of UANC withdrawal. Mr. Ernest Bulle, the Finance Minister, was to-night said to be flying to South Africa to-morrow with his white counterpart at the Finance Ministry (Mr. David Smith) to meet Senator Owen Horwood, the South African Finance Minister and Mr. J. C. Heunis, the Pretoria Minister of Economic Affairs. The Rhodesian Ministers will return to Salisbury on Friday.

Perhaps more significant is an official statement to-night stating the four members of the Executive Council will to-morrow address a multiracial meeting at Mrewa in the operational area North East of Salisbury.

This hardly suggests the UANC is on the brink of withdrawal.

To-night's official statement says all four members of the executive—including the Bishop—attended all Executive Council meetings at which the Hove case was discussed. (The Bishop has claimed the decision to dismiss Mr. Hove was made without his agreement and in his absence.)

● To-night Rhodesian forces were searching through dense woodland close to the Mozambique border for the guerrillas who murdered two white women and wounded four guests at Inyanga's Montclair Casino Hotel, 15 miles from the Mozambique border.

Mulder backs secret fund

BY OUR OWN CORRESPONDENT

JOHANNESBURG, May 9.

NO RULES apply when the future of South Africa is at stake, Dr. Connie Mulder, Minister of Information, told the South African Parliament to-day.

South Africa was under attack by people who followed no rules, had unlimited funds, and were not answerable to any Parliament, he said. Dr. Mulder was answering calls for his own resignation, and the disbanding of his Department of Information, after disclosures that the department established a secret fund for counter-propaganda without parliamentary approval, and paid out large sums of money without Treasury approval.

The only offences proved against the department were that the relevant financial procedures had not been satisfied, the Minister said. Although this had led to unauthorised expenditure, the state had not lost any money.

Dr. Mulder implied, however, that "press character-assassination" had made it impossible for Dr. Eschel Rhoodie, head of the information department, to remain in his job, although he would not be dismissed immediately.

Election boost for Mrs. Gandhi

BY K. K. SHARMA

NEW DELHI, May 9.

MRS INDIRA GANDHI, former Prime Minister of India, to-day won a major political victory that boosts significantly her chances of returning to power. She achieved this when her Congress (I) candidate, Mrs. Mohsina Kidwai, defeated the ruling Janata Party candidate, Mr. Ram Bachan Yadav, by more than 35,000 votes in the Azamgarh parliamentary by-election in the politically important state of Uttar Pradesh in Northern India.

The Congress (I) also won two Uttar Pradesh legislative assembly seats to which elections were held, indicating that the parliamentary by-election result was a definite trend in her favour.

From Mrs. Gandhi's point of view, it was a great morale-booster as her Congress Party was totally rejected in parliamentary elections in March 1977, when it did not win a single seat in any of the nine northern Hindi-speaking states which together form the basis of political power in the country.

Zambians draw on IMF aid

Zambia has begun drawing from the $390m. facility negotiated with the International Monetary Fund (IMF) in March. Government sources said yesterday an SDR49m. compensatory financing facility was disbursed last week and the first CDR50m. tranche of the standby credit was expected to be drawn this week, our Lusaka correspondent writes.

The facility is to be used for balance of payments support. While it is expected to make only a relatively small inroad into the import pipeline of some $550m., Zambia is clearly hoping that the disbursement will help persuade exporters that the nation's decline has been arrested.

Despite this, the symptoms of the ailing economy continue.

The Tanzanian subsidiary of Agip, the Italian oil concern, was accused yesterday of threatening to halt the supply of fuel and other oils to the Zambian Tazama pipeline company unless arrears of Kwacha 100,000 ($125,000) were paid.

The accusation was made by Mr. Friday Ndhlovu, Tazama's managing director, who said fuel supplies for pumping stations and other pipeline facilities would have been halted on Monday if the Bank of Zambia had not arranged for a remittance from the nation's chronically short foreign exchange reserves.

Kabul talks

Afghanistan's President Nur Mohammad Tarakki has had talks in Kabul with two Pakistani politicians prominently linked with secessionist tendencies in Pakistan's North-West Frontier Province, according to Kabul radio, Reuter reports.

Bangladesh paralysed

Government was paralysed in Bangladesh yesterday when 600,000 low-income workers went on strike for a 15 per cent. increase, Reuter reports from Dacca. All Government offices, courts and hospitals were forced to close as clerks and other workers failed to report for duty.

Trade surplus cut

Australia's trade surplus narrowed to $A105m. in April, compared with $A138m. a year earlier, AP-DJ reports from Canberra. Exports totalled $A1.004bn., down from $A1.024bn. in April 1977. Imports amounted to $A899m., compared with $A888m. a year ago. The trade surplus for the ten months to April narrowed to $A990m., down from $A1.143bn. for the corresponding period a year earlier.

Message for Mondale

Mr. Walter Mondale, the U.S. Vice-President, has been given a clear understanding that New Zealand expects the U.S. to give a lead in breaking down trade barriers, Dai Hayward writes from Wellington.

Quentin Peel, recently in Transkei, reports on the Republic's problems

Avoiding insolvency

THE SHOWPIECE of South Africa's policy of separate development, the Republic of Transkei, is rapidly degenerating into a tragic parody of the problems of Third World development. A combination of political autocracy and financial incompetence are leading the impoverished tribal homeland rapidly towards a financial crisis, or even into insolvency.

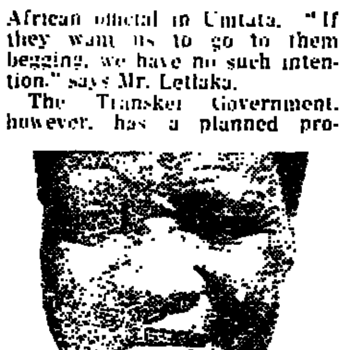
The heart of the problem for Chief Kaiser Matanzima, the first homeland leader to accept independence, 18 months ago, from Pretoria, is the lack of international recognition of Transkei. It is a capital offence for any Transkeian to question the sovereignty of the state. Such a Draconian threat, on top of a far-reaching complex of security legislation providing for detention without trial, is an indication of the sensitivity of the issue to Chief Matanzima. The desire to prove his genuine independence was certainly a major factor in his decision to break off diplomatic relations with South Africa on April 30. It is also the driving force behind all efforts at economic development.

Senior officials and financial advisers from Transkei are currently negotiating for a major international loan. The Minister of Finance, Mr. Tsepo Letlaka, has announced that at least R100m. (£62.5m.) is needed, while informed sources suggest that as much as R200m. (£125m.) may be sought. According to the sources in Umtata, the capital, the Transkei Government is negotiating through a Californian finance house for a loan from unspecified Middle Eastern sources, with a term of at least 20 years, and an interest rate of around 8.5 per cent., undeterred by the fact that the South African Government has largely withdrawn from international capital markets because of the high premiums demanded of it.

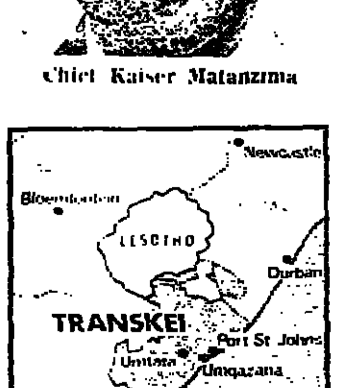
Chief Matanzima is confident of raising the money he needs. "I think you had better leave the whole thing to us," he said in an interview with the Financial Times. "We have no difficulties about it. We have friends in the international world." He is, however, caught in a severe dilemma. In the absence of international recognition, Transkei is unable to obtain aid or soft loans from the normal sources for developing countries, such as U.N. agencies and the World Bank. His only alternatives are the South African Government or private capital.

South Africa already finances more than one third of the Transkei budget, but any major increase of aid is seen on both sides as prejudicial to Transkei's image of independence. "South Africa does not want to be seen to be wet-nursing Transkei," according to one seconded South African official in Umtata. "If they want us to go to them begging, we have no such intention," says Mr. Letlaka.

The Transkei Government, however, has a planned pro-



Chief Kaiser Matanzima



gramme of capital developments of which many wealthier developing countries might be envious, including a whole series of prestige projects apparently intended to give the country the trappings of independence: the University of Transkei, the K.D. Matanzima International Airport, and most recently, plans for a new harbour so that Transkei need not rely on South African ports.

On the surface, Transkei has made some spectacular progress in developing what has never been more than an impoverished labour reserve for the South African economy. Building is in progress on every side of Umtata. It already had boasted a respectable town hall and National Assembly building. Government officials are now moving into a new 12-storey office block.

Much of the housing is new, to cater both for new civil servants, Government ministers, and expatriate advisers and businessmen. The town now has an "international" hotel in its local Holiday Inn, opposite the site of the R57m. (£35.6m.) university. In Butterworth, the only other significant town, 15 new factories, admittedly on a very modest scale, were installed in the first year after independence—more than in the previous three years put together. Some 4,000 new houses have been built for the factory workers, black and white. Independence undoubtedly brought a small boom to the local economy, as well as to those of the nearest towns of "White" South Africa.

Chief Matanzima is now accelerating his spending plans drastically, the latest budget provides for an increase of Government spending of well over one third, from R240m. to R330m. (£205m.). Rather more than R100m. represents the immediate cost of capital spending in the current year. Major items are R23m. on roads and bridges, R20m. on industrialisation, R17.3m. on agriculture and forestry, almost R8m. on administrative buildings, and some R10m. on the university.

Mr. Letlaka is budgeting for a deficit of some R96m.—the sum he needs immediately to raise on the international market. But he is also launching several major schemes which will need financing later. They include a R34m integrated health scheme, of hospitals, clinics and dispensaries, four housing schemes costing some R20m., and the airport extension required to accommodate international flights (R8m.).

The most grandiose scheme is for a new harbour at Umgazana. On the strength of a survey carried out by French consulting engineers, the Government has decided to set up a company to build the harbour and an associated industrial zone as a free port. A very rough calculation of the first phase, for two quays and a dock, put the cost at R125m., while two further docks are planned, as well as an industrial area and housing on what is currently virgin land. The cost of building road and rail communications for the port has not been calculated. The Government will take a half share in the company, financed in part by handing over the necessary 128 square kilometres of land. A private consortium will take the other 50 per cent.

Mr. Letlaka insists that the harbour plans are no "pipe-dream." "International finance . . . will be attracted by establishing Umgazana as a free port where import and exports are liberated from customs fees and charges," he says. "This constitutes a very strong attraction to industrialists, business men and financiers. Inquiries from American, French, Swiss, Italian and Spanish sources have already been received."

Transkei is, however, desperately lacking both sound advice and the economic backing for developments on the scale planned. Agriculture, the one area where the country boasts real potential, remains a relatively low priority, whereas the expensive process of establishing factory jobs—where 150 jobs cost around R1m. in government spending—is strongly promoted. According to the Transkei Government—and in the absence of reliable figures—some 90 per cent. of the country's food requirements still have to be imported from South Africa, although the homeland contains some prime agricultural land.

Apart from two enormously capital intensive irrigation schemes, the only notable agricultural development has been the encouragement of contour ploughing, which has alleviated the worst of the erosion caused by traditional farming methods, without increasing yields at all. The strategy appears to reflect that of the South African Government in developing homelands. "You cannot disturb the traditional tribal relationships," according to one South African adviser. "Wholesale agricultural development is out of the question."

Not only is the South African development strategy (if the absence of planning can be called a strategy) questionable, but there seems to be a distinct reluctance in Pretoria to give Transkei the aid or soft loans which it cannot obtain from international agencies. The South African grant of R113.5m. (£70.9m.) has remained constant for two years. According to calculations by the Transkei, it represents considerably less than the amount paid in taxes by Transkei citizens living in the white republic.

The desire of the Transkei government to prove its independence has meant that anyone who carries a non-South African passport is preferred as an adviser, however flimsy his credentials. Umtata has attracted literally dozens of notorious "uhuru hoppers" who have travelled from one independence ("Uhuru") celebration to another in Africa, promoting dubious development projects and offering non-existent international finance.

If Transkei fails to raise its international loan, or to raise its full needs, then some observers believe there would be a serious danger that it might run out of funds before the end of the year. The heavy involvement in capital spending means that expenditure will be very difficult to cut. Civil servants' salaries would be first hit. The only alternative would be to approach the South African Government for a loan. If Chief Matanzima finds that irreconcilable with his desire for independence, the irony is that the real independence of Transkei might be proved only by its bankruptcy.

AMERICAN NEWS

Progress on Mideast arms sales

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, May 9.

PRESIDENT CARTER appeared to-day to be inching his way to another substantial foreign policy victory as Congressional opposition to his proposed Middle East arms sales package began crumbling.

Amid lobbying as intense as that which preceded the Panama Canal votes, several key senators suggested this morning that a compromise solution was in the air which might ensure approval of the purchase of U.S. fighters by Israel, Saudi Arabia and Egypt.

Central ingredients to such a deal would probably include an Administration undertaking to sell more sophistocated F-15 fighters to Israel at some future date of the President's choosing, and a written assurance that Saudi Arabia would not base her F-15s so close to the border as to present a threat to Israeli security.

This morning a group of leading senators conferred with Mr. Cyrus Vance, the Secretary of State, who later testified, with Dr. Harold Brown, the Defence Secretary, in front of the House International Relations Committee.

Senators Clifford Case and John Sparkman hinted that future sales of F15s to Israel were being promised to make possible approval of the existing package.

Senator Frank Church referred to "definite progress," while Senator Jacob Javits, a major Israeli advocate in Congress, said he believed "we are on the road which could lead to a settlement."

Mr. Vance characteristically gave little away in his testimony, obliquely intimating that Saudi Arabia was prepared to give the necessary assurances, but stressing the Administration's case that the package could not be dismembered or its numbers altered.

He stated flatly that Saudi Arabia had never threatened to take action on the oil price front if she were denied permission to buy the 60F-156.

Last week, in an interview with the Washington Post, Sheikh Yamani, the Saudi Oil Minister, appeared to be delivering just such a warning, but Administration officials have been adamant that it had never formally been given.

It had appeared possible last week that the Senate Foreign Relations Committee would pass a motion disapproving the sales. While not binding on the full Senate, this would clearly have influenced its deliberations.

Now the betting is that no such motion will be voted. The committee is due to meet again on the subject later to-day.

The Administration also believes that several members of the 37-man House International Relations committee may change their minds and back the package.

W. Bank guerrillas step up action

BY DAVID LENNON

TEL AVIV, May 9.

THE PALESTINIAN guerrilla organisations are rebuilding their forces on the occupied West Bank and supplying them with better equipment, according to Israeli security forces.

The recent spate of daily bombing attempts mark an increase in activity, while the rocket attack on Jerusalem at the week-end was the most dramatic demonstration of the improved equipment at the disposal of the West Bank groups.

Meanwhile, the Isralli Prime Minister, Mr. Menahem Begin, said on his return here yesterday from the U.S. that the cabinet would soon discuss U.S. suggestions about the future of the occupied West Bank.

Carter may help round up votes for approval of New York aid

BY JOHN WYLES

NEW YORK, May 9.

PRESIDENT CARTER is expected to become personally involved in efforts to secure Senate approval for a new federal aid programme to prevent New York city becoming bankrupt.

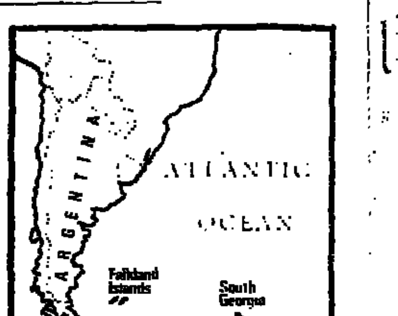
The administration's proposal to provide federal guarantees for up to 15 years for $2bn. of city bonds cleared the House of Representatives Banking Committee by a substantial margin but it is recognised that the crucial battle will be in the Senate, notably in the Senate Banking Committee whose chairman, Mr. William Proxmire, has so far greeted the case for helping New York with a marked lack of sympathy.

Mr. Michael Blumenthal, the Treasury Secretary, who is responsible for guiding the Administration's proposals for New York, said yesterday that he had no doubt that President Carter could, if necessary, be involved in rounding up votes in the Senate. Mr. Blumenthal has already met all 15 members of the Senate Banking Committee to stress the need for urgent action, given the fact that the existing federal seasonal loan programme expires at the end of next month.

Senator Proxmire has not yet scheduled hearing s of his committee but he indicated to-day that the city will get a chance to makes its case to the committee, "before there's any chance New York will be foreclosed." Both the Senator and the Administration have been urging the city and its employees to reach a responsible settlement, but the talks have been in deadlock for some weeks.

Just as Senator Proxmire appears to believe that middle America wishes him to take a stern line with a city which has a reputation for fiscal irresponsibility, 50 leaders of New York's 250,000 municipal employees believe that they cannot rush into a settlement which they know will be meagre.

Both sides are staging an elaborate public bluff which may yet rebound because of strong feelings among city workers that they have already made adequate sacrifices over the past three years. They have been limited to cost-of-living adjustments and recent indications that inflation may be running at an annual rate of 7 per cent. are increasing demands for a substantial pay rise.



Argentine occupation 'illegal'

By Our Foreign Staff

ARGENTINA has "illegally" occupied a British island in the south Atlantic, a dependency of the Falklands Islands group, for almost 18 months, the British Foreign Office confirmed yesterday.

Britain has protested to Argentina but so far the Argentinians have taken no steps to remove their presence on the previously uninhabited island.

In London yesterday, the Falklands Islands committee stated that the Foreign Office had asked them to keep silent about the Argentine occupation.

A Foreign Office spokesman said that Argentina established a scientific station of about 50 people on Southern Thule in December 1976.

Southern Thule is part of the South Sandwich Islands, about 1,400 miles from Argentina and well to the east of the Falklands, which are a British colony.

The Foreign Office said: "We protested to the Argentinians, whose activities are purely scientific. The Argentine view is that this is in support of their Antarctic programme, in which the British Government co-operates." But the spokesman claimed that the Argentine occupation was illegal.

The Falklands Islands committee said the Argentine occupation of Southern Thule was typical of the steady encroachment by Argentina on British territory in the south Atlantic, adding that the South Sandwich Islands were not in the Antarctic and were outside treaty limits.

● The British Foreign Secretary, Dr. David Owen, will consider making a statement on the reported occupation, the Prime Minister, Mr. James Callaghan, said in the Commons yesterday.

Dollar improves in heavy trading

BY OUR OWN CORRESPONDENT

NEW YORK, May 9.

THE U.S. DOLLAR gained in heavy foreign exchange trading here this morning, buoyed by firmer U.S. interest rates and indications that OPEC may not increase its oil price this year.

These developments, which have taken place over the last ten days, are helping to confirm the new stability which the dollar acquired in April when, after two months of decline, it gained by slightly more than 2 per cent. against other major currencies. As a result, intervention by monetary authorities in Germany, Japan and Switzerland has been reduced.

In early trading in New York this morning, the dollar touched 2.10 against the West German mark, but later fell back to 2.095 on profit taking. Although some technical leads and lags are still working in favour of the U.S. currency, traders here generally ascribed the momentum to-day to external factors.

In particular, the week-end meeting in Saudi Arabia of OPEC Oil Ministers soothed anxieties that the weakness of the dollar this year could prompt an oil price rise. Great comfort has been taken from the statement by Sheikh Yamani, the Saudi Oil Minister, that "we don't think there will be an oil price rise this year."

Traders report here that Middle Eastern countries have been far less in evidence as sellers of the dollar recently, and that its overall firmness is also being helped by the Federal Reserve Board's aggressive stance on short-term interest rates. Recent increases in the key Fed funds rate to 7¼ per cent. have been well received in the foreign exchange markets.

The Carter administration's unease at the rise of interest rates was expressed to-day by Mr. Stuart Eizenstat, the president's chief domestic adviser. Talking to the Democratic Party National Committee's national finance council, he stressed the Fed's independent right to make policy, but said that recent moves "are not ones we asked for" and "are not ones we have applauded." He eschewed any public battle with the Fed, but said that he was worried that continued credit tightening may pose a danger of "undercutting the recovery."

The robustness of the dollar also helped the New York stock market this morning amid indications that the powerful rally in share prices of the past three weeks is losing some steam. Investors are becoming more wary of rising interest rates and indications of a climbing inflation rate, but the performance of the dollar helped to turn the Dow-Jones Industrial Average from close to a two-point loss on the closing price of last night to nearly a two-point gain by lunch-time to-day.

However, the stock market was unable to hold this gain and eventually closed down 2.51, with the industrial average at 822.07.

Trudeau shrinks from early poll

BY VICTOR MACKIE

OTTAWA, May 9

CANADIANS who had confidently expected to be voting very soon in a general election have seen Mr. Pierre Trudeau, the Prime Minister, suddenly back away from seeking a dissolution of parliament. He has begun to display symptoms of indecisiveness and uncertainty, something that the electorate in the past had never associated with the Liberal leader.

The Liberal election strategists appear fearful about going to the country now that the Government is nearing the end of its traditional four-year tem. The full term is of five years, but as a rule Prime Ministers do not wait so long before going to the country. The election planners had let it be known to the party rank and file that June 19 was the most likely date for an election this year.

Mr. Trudeau appeared before the annual Liberal convention earlier in the year and delivered a pep talk that had the delegates excited and ready to start campaigning immediately. He told them that the election would take place soon and left them smiling and convinced that they would win easily.

Comparing their charismatic leader with Mr. Joe Clark ("Joe Who") of the Progressive Conservatives, they returned home eager for the fray convinced that the boyish-looking Mr. Clark would be a push-over on the hustings. Opinion polls appeared to bear out that conviction. The Liberals had a wide margin over their nearest rivals, the Tories.

In April, Mr. Trudeau celebrated the tenth anniversary of being elected leader of the Liberal Party, as well as the tenth anniversary of his first election campaign as Prime Minister. A journalist who wanted to write a book on Mr. Trudeau and was known to admire the Prime Minister was granted an unprecedented eight hours of first-hand interviews. His book, Trudeau, a Book-of-the-Month selection, appeared on the bookstands in March, good timing for an early election.

In March he quipped, when asked when the election would be called: "June is a likely date. But I won't say what year."

Liberal planners were dismayed when all their careful preparation appeared to come unstuck. As the latest legal date for calling an election on June 19 approached in mid-April, Mr. Trudeau began to talk about waiting until the autumn or even next year. Word leaked from Liberal headquarters that their private surveys and polls were not as favourable as they had hoped. "Wait and see," was the word as new surveys were taken.

The last possible date passed for calling the election on June 19. Members of Parliament were astonished. They had expected a dissolution and made plans to hit the campaign trail last month.

Then, early in May the April Gallup Poll was released. It showed to the astonishment of the politicians that the Conservatives had caught up with the Liberals. The two major parties were tied with 41 per cent. of the committed voters each, and no fewer than 39 per cent. of those polled said that they were undecided—a disturbing fact for any politician.

Mr. Trudeau decided to wait. The next likely date for an early election would be July 10. He could announce that as late as May 11 if he decided to go. The MPs are waiting. There is much speculation on Parliament Hill in Ottawa as to whether Mr. Trudeau will delay until the autumn or postpone the election until next spring when the five-year term in office will expire.

The Liberals evidently lost their nerve. In caucus some were urging delay while others said "go now" because by the autumn the economy could not be sufficiently improved to make much difference.

The slump in Government popularity was generally attributed to the sharp slide in value of the Canadian dollar during April. Canadians are not happy with the way the Liberal Government has managed the economy. The inflation rate has climbed again to near double digits; there are over 1m. unemployed. And the Government has embarked on massive borrowings abroad to bolster the dollar.

The Gallup Poll is now being carefully examined by all political parties. Mr. Clark gave a low-key reaction to the surprising climb in popularity of his party. "It is just another poll," he said. "The one that really counts is the one on election day." Meantime in the Commons he has continued to bait the Prime Minister suggesting that Mr. Trudeau was afraid to face the voters. This was a calculated ...

The Liberals traditionally dominate Quebec where they could win 65 or more seats. When that solid bloc of support is separated out of the 41 per cent. of the committed voters' support across Canada, it means that the Conservatives are ahead of them in all other provinces.

When it comes, the election will be won or lost in Ontario. Private Liberal surveys plus the Gallup Poll indicates that the party is losing support in Toronto constituencies—a Liberal stronghold—as well as elsewhere in Ontario.

Mr. Trudeau is now beginning to appear as a worried leader, undecided whether to go to the country now or wait. If he waits until the autumn pressures on him will start to build. There are those within the Liberal caucus who suggest privately that the time has come to think in terms of a leadership convention next winter. A newly elected Liberal leader would emerge from the ballyhoo of the convention ready to swing into an intensive campaign next spring.

The opposition fears that this might take place with Mr. John Turner, the former finance minister, who resigned from Mr. Trudeau's cabinet in 1975 emerging as the new Liberal leader. They know he would be hard to beat.

Federal scheme for big cut in Amtrak network

By Our Own Correspondent

NEW YORK, May 9.

THE DEPARTMENT of Transportation has proposed a 30 per cent. cut in the rail network of Amtrak, the U.S. national passenger railroad, as a means of curbing the railway's increasingly large demands for federal subsidies.

But the department's proposals, with their echoes of Britain's Beeching plan of the 1960s, look likely to prove too drastic for Congress, which has final authority over Amtrak's structure and which contains many members determined to maintain services to their local community.

Mr. Brock Adams, Transportation Secretary, said yesterday that the plan to cut Amtrak's 27,000 mile network by 8,100 miles would save $500m. to $800m. in federal subsidies between 1979 and 1985.

The plan would maintain services to the 26 largest U.S. cities but would drop Dallas, Omaha, Salt Lake City and Williamsburg, Virginia, among others, from the network.

Last year, Amtrak needed a $483m. federal subsidy to maintain its operations. According to Mr. Adams this could rise to $1bn. by 1984 if no corrective action is taken.

S. Africa keeps credit

The Senate Banking Committee rejected yesterday an effort to cut off Export-Import Bank credit to South Africa, AP-DJ reports from Washington. The committee approved a Bill to expand the President's authority to determine which nations are eligible for credit, and to require him to consider U.S. national interest and the stand of the potential recipient country on human rights, emigration, nuclear proliferation, environmental protection and other issues.

U.S. COMPANY NEWS

U.S. charges Gulf with membership of uranium cartel; Canadian Vickers talks off; Ford faces recall order—Page 27

WORLD TRADE NEWS

Boeing wins £500m. order from Singapore Airlines

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SINGAPORE AIRLINES, one of the most rapidly expanding airlines in the world, is expected to sign a contract in New York to-day for new jet airliners from Boeing worth over $2.1bn. (Singapore) or more than £500m. This will be one of the biggest single aircraft orders ever announced.

SIA said in Singapore yesterday that the deal would include firm orders for ten Boeing 747 long-range Jumbo jets, and four short to medium range 727s, with options on a further three Jumbos and two 727s.

The airline said that it proposed to sell its existing fleet of seven Boeing 747s equipped with early models of the Pratt and Whitney JT-9D engines, over a period of years, and re-equip with the latest versions of the 747s, using the more powerful P and W JT-9D 7Q engines.

The plan is for SIA to take delivery of two of the newer 747s next year, together with four 727s, and take a further six 747s in 1980, and one each in 1981 and 1982. The options would be exercised to ensure delivery of one 747 Jumbo in each year from 1983 to 1985.

Behind the decision lies the airline's phenomenal expansion in recent years, amounting to an average of 30 per cent. a year. Recently, this expansion has slowed a little, to about 20 per cent. a year, but is still sufficient to cause it some problems on re-equipment.

The airline has recently begun a new all-cargo service between Singapore and the U.S. West Coast at San Francisco, via Hong Kong, and it is due to start a new 747 passenger service to San Francisco in April next year.

Hitherto, the airline has concentrated all its expansion on its routes to Europe, but it now intends to develop also its links with the U.S., where it sees a big market in tourist traffic as well as in cargo, as the Pacific basin becomes more and more an American tourist travellers' province.

Another reason for Singapore Airlines' fast growth is good service. A recent independent survey of travellers named the airline as the most popular in Asia.

● AN ORDER for a Rolls-Royce-powered TriStar from Delta Air Lines brings the total bought this week to four. Saudi Arabian Airlines bought three on Monday, bringing their total to 13. The four together are worth more than £80m., of which some £16m. is for 12 Rolls-Royce RB 211 engines.

Turkey resumes payments for imports

By Metin Munir

ANKARA, May 9.

TURKEY RESUMED limited import transfers to-day after an interruption of 14 months. They had been stopped in February, 1977, because of a severe shortage of foreign exchange other than that for oil and other emergency goods.

By the end of last year the backlog had grown to $2.5bn. Of that total, which has grown little in the past four months, $1.68bn. corresponded to imports that have been delivered.

The transfers, by the Central Bank, will be regulated according to a programme of priorities.

According to Finance Minister Ziya Muezzinoglu the list of priority goods "is headed by the urgent requirements of our economy like iron and steel, petrochemical raw materials and products, coal, fertilisers, pharmaceuticals, various basic requirements of our industry like spare parts.

Apart from those, Mr. Muezzinoglu said, in particular industrialists' awaiting transfers and other transfers of given sizes, which he did not specify, would be made according to their chronological order.

Mr. Muezzinoglu said his purpose was to meet the urgent requirements of industrialists and exporters, expand capacity usage in plants "which have come close to stopping manufacture."

He added that a $30m. fund had been set up to promote exports. Transfers would be increased with the availability of new resources.

How much funds the Central Bank has available for import transfers has not been disclosed but it is believed that the bulk of it consists of a $150m. tranche made available under a recent agreement with the International Monetary Fund.

Japanese group's visit to Europe seen as a success

BY CHARLES SMITH

TOKYO, May 9.

NO MAJOR arguments developed during the recent mission to Europe by the Japan Federation of Economic Organisations (Keidanren) because the explosive problems which had existed during the previous Keidanren visit in October 1976 had been substantially solved, Mr. Toshiwo Doko president of the organisation said to-day.

Mr. Doko, who led both missions and made European headlines when he took the brunt of resentment over Japan's trading practices in 1976, said he felt five major sources of friction had existed at the time.

These involved "excessive" Japanese penetration of the EEC markets for cars, ships, steel, ball bearings and colour TVs. All five problems had since been dealt with through various Japanese "restraint" measures and no comparable difficulties had cropped up in other industries.

Mr. Doko said there had been demands for better access to the Japanese market for products during Keidanren's April mission but these did not develop to the level of confrontations.

The major unsolved problem in EEC-Japan relations—how to handle trade in farm products—was a problem for governments rather than for businessmen, Mr. Doko said.

It had been discussed recently between Mr. Nobuhiko Ushiba (Japan's Minister for Overseas Economic Relations) and Mr. Wilhelm Haferkamp (EEC Commissioner for External Relations).

Mr. Doko said Keidanren had agreed at talks in Brussels with UNICE (the European Federation of Business and Employers Organisations) that Japan and the EEC should pay more attention to multilateral problems in future rather than confining themselves strictly to bilateral issues.

He also said that there had been a recognition that areas of competition between Japan were likely to increase and should be identified as far as possible in advance.

Mr. Doko saw an advance into high technology as the solution to over-involvement by Japan in mass production and mass marketing.

He added that on the Keidanren's earlier European tour "we found that we knew less about Europe than we had thought, but at the same time more than Europe seemed to know about us."

He noted the increase in numbers of European business visitors to Japan since late 1976 as a sign that this situation was starting to be corrected. In a cautionary comment Mr. Doko noted that Europeans including the Brussels Commission were hoping Japan would achieve a 7 per cent. growth rate. The trend of relations from now on would depend partly on its degree of success in achieving this.

The Keidanren visited Brussels in April at the invitation of UNICE "rather than because we felt there were any special problems to discuss," said Mr. Doko. The mission then moved to London for talks with the CBI and to Stockholm where an exchange agreement on technology was signed.

GKN may win £190m. E. German plant deal

By Leslie Colitt

EAST BERLIN, May 9.

EAST GERMANY is expected shortly to sign one of its largest contracts with a Western company to build and equip a factory producing transmissions for a new East German car.

Guest Keen and Nettlefold (GKN) of the United Kingdom and Citroen of France are front-runners in negotiations for the £190m. contract.

Both sides have agreed to be paid largely in compensation: that is to receive transmissions from the plant, which would be built at Zwickau, where the tiny Trabant, which has a two-stroke engine and a glass-fibre body and is Eastern Europe's cheapest car, is produced.

The East Germans have been informed that the U.K. has agreed to ensure the full credit in sterling.

GKN and Citroen teams are in East Berlin negotiating with the country's foreign trade organisation, Industrie-Anlagen Import. Bankers from Morgan Grenfell and Credit Lyonnais are participating on their respective sides.

East Germany has been talking to Western car companies on and off for years, among them General Motors, BMW and, most recently, Volkswagen, on various projects, but this is the first time one of them has reached serious negotiations.

The East Germans are also holding talks with Renault on a four-cylinder engine, which would be built under licence. The two-stroke engines powering the Trabant and the Wartburg, the country's more expensive car, are regarded as prominent sources of pollution and are to be replaced in a newly designed East German car.

The projected transmission plant would also turn out units for a future Czechoslovak Skoda car.

U.K. sales to S. Africa down

BY BERNARD SIMON

JOHANNESBURG, May 9.

BRITAIN MAINTAINED its position last year as South Africa's largest export market but, as in 1976, was third behind the U.S. and West Germany among the Republic's foreign suppliers. The U.K. last occupied its traditional spot as South Africa's biggest source of imports in 1975.

According to figures from the Department of Customs and Excise (which exclude trade in bullion, arms and oil), South Africa imported goods worth R544.7m. from Britain in 1977, roughly 16.4 per cent. of total imports, and R185m. lower than imports in 1976. Exports to the U.K. last year totalled R1.3bn., almost 23 per cent. of South Africa's gross export earnings. Exports to Britain in 1976 amounted to R1bn.

Britain's declining importance in South Africa's foreign trade is illustrated by the fact that in 1970, imports from the U.K. were 22 per cent. of the total, while the proportion of exports for the U.K. reached almost 29 per cent.

Imports from the U.S. in 1977 amounted to R974.6m., compared with R1.3bn. the previous year. As with purchases from most other countries (including the U.K.), the drop was chiefly due to the deepening recession in South Africa. The few countries from which imports increased last year included Japan (from R599.7m. to R625.8m.), Belgium, Spain, Italy, South Korea and Sri Lanka.

Exports to the U.S., however, rose steeply from R459.7m. in 1976 to R787.5m., raising it from fourth to second place among foreign markets. The rise was chiefly due to increased purchases of Krugerrand gold coins and steel. The U.S. was followed in importance by Japan, West Germany, France and Switzerland.

Among the countries that bought less from South Africa last year than in 1976 were Sweden, Finland, Canada and Venezuela. In the latter case the drop was entirely due to a sharp drop in maize shipments.

Dell fears reaction to protectionism

FINANCIAL TIMES REPORTER

THE "DEEP concern" voiced last week by Count Otto Lambsdorff, West Germany's Economics Minister, about escalating protectionism, was echoed yesterday by Mr. Edmund Dell, Britain's Secretary of State for Trade. But Mr. Dell criticised Count Lambsdorff for omitting two important considerations in his analysis: the EEC's protectionist attitude in agriculture and the internal political pressures to which governments are subjected.

Speaking at a Foreign Press Association lunch in London, Mr. Dell said he shared Count Lambsdorff's concern, drawing particular attention to the risks of retaliation by other countries arising from protectionist actions. "In our trade in manufactured goods," he said, "there is indeed a real danger of retaliation if we use the great commercial strength of the Community in ways which disregard the interests of our trading partners."

However, Mr. Dell pointed out that the threat was not confined to manufactured goods. "I find quite as much objection among our overseas customers to the protectionism of the Community in agriculture," he said, adding that in that area the EEC had indeed received specific threats of retaliation. That consideration had been omitted from Count Lambsdorff's analysis.

There might be conceded, he "domestic political reasons" for such coolness over competition in agriculture. But that, Mr. Dell argued, was another consideration Count Lambsdorff had omitted from his analysis.

"Such pressures grow," Mr. Dell said, "especially where economic depression makes the problems of adjustment to more efficient competitors so very difficult."

He cited as an example the West German Government's support for such "anti-competitive market-sharing proposals" as the U.N. liner code.

Mr. Dell concluded that if trading nations concentrated on realistic appraisals of their economic circumstances and the kind of co-operation they required, "I have some hope that we will find accommodations to maintain the structure of the open trading system."

Chinese steel mission planned

BY COLINA MacDOUGALL

AN IMPORTANT Chinese steel mission will arive on Friday for a 17-day tour of British iron and steel plants. It will be led by Tang Ke, Minister of the Metallurgical Industry, and is expected to meet the industry and trade secretaries, Mr. Eric Varley and Mr. Edmund Dell.

The group will also meet Sir Charles Villiers, chairman of British Steel, and Sir John Buckley, chairman of Davy International, both of whom went to China last autumn. The present Chinese visit follows up their discussions in Peking and the November tour of Britain by the Chinese Foreign Trade Minister, Li Chiang.

The Chinese group is due to visit British Steel plants in Scotland, Wales, and north-east and the Sheffield area. They will also view private sector equipment belonging to Davy International, Firth Brown, Osborn Steel and GEC. They are expected to examine advanced technology, the production of special steel, research work and management methods.

The Western world is currently inundated with Chinese delegations viewing advanced technology. Another large group of senior officials lead by Ku Ming, vice-minister of the State Planning Commission, is already in London, others are in France, Italy and the U.S. and more are due both here and elsewhere. Peking has already made it clear that foreign technology will figure strongly in its ambitious industrial development plans, so its present inquiries will in due course almost certainly lead to substantial purchases.

Hart approves £50m. India grant

MRS. JUDITH HART, Minister for Overseas Development, has approved the allocation of £50m. to India from aid funds as a grant for the purchase by the Government of India of British goods and services for the power sector.

The grant will finance a wide range of new equipment, spaces, components and materials—all available from Britain and required in India for the further development of the power sector, which is needed for the future prospects of the rural economy of India.

● The Export Credits Guarantee Department has guaranteed a £2m. line of credit which National Westminster Bank has made available to Ceskoslovenska Obchodni Banka, Czechslovakia.

AUSTRIA'S MOTOR MARKET

Hopes for home industry

BY PAUL LENDVAI IN VIENNA

THE DETERIORATION of Austria's visible trade balance between 1975 and 1977 and the introduction of a special 30 per cent. value-added tax — the normal rate is 18 per cent.—on cars from last January have combined to sharpen foreign competition for the Austrian car market.

At the same time the Austrian Government's plans for joint ventures and car assembly has aroused interest among Soviet, U.S. and Italian car manufacturers.

During the past ten years Austria has become an increasingly important market for car exporters. Its growing affluence was reflected in a jump in car registrations that raised the number of cars on the road between 1968 and 1977 by 87 per cent. to almost 2m., among a population of 7.5m.

That contributed to a visible trade deficit of Sch.71.4bn. (£2.55bn.) last year, a jump of Sch.19bn. on 1976. Worse, invisibles, mainly tourism, have failed to offset the visible trade gap as before.

The Government thus began to discuss a kind of surtax on "luxury durables," including cars. But in Austria nothing can be kept secret for more than 24 hours, and the result was an unprecedented rush to the car dealers before the new tax. As a result, new car registrations last year reached 295,936, against 225,467 in 1967 and 185,167 in 1975.

Consequently, car busines was almost all at the beginning of this year. January registrations were down 80 per cent. on December and 46 per cent. down on a year earlier. Economists estimate that the import bill for cars this year will fall by at least 60 per cent. to Sch.7.9bn. That in turn should help to reduce the aggregate trade deficit from Sch.71.4bn. in 1977 to Sch.63.5bn. this year.

West Germany has traditionally dominated the market, with 59 per cent. of car registrations and 51.5 per cent. in estate cars. France and Italy have also been doing well, with market shares of 12.9 per cent. and 11.3 per cent. respectively. France last year sold almost four times as many cars as the United Kingdom and about 12 times as many estate cars. Yet only a few years ago Britain was ahead of France in Austrian car imports.

Last year Britain sold 6,372 units, compared with 7,442 a year earlier. Despite the unprecedented buying spree, the U.K. sold fewer cars than before with its market share falling from 5 per cent. to 3.3 per cent.

Meanwhile Federal Chancellor Bruno Kreisky and the former chief of the nationalised holding company, OEIAG, Dr. Franz Geist, last year began to discuss launching an Austrian car industry.

Austria was to produce a so-called "Austro-Porsche" in co-operation with the German concern, mostly for export, but that project collapsed. A smaller project was completed with Renault, setting up a foundry and component plant in Gleisdorf, Styria. Renault has a 51 per cent. holding and the rest of the Sch.20m. capital is divided between OEIAG, Creditanstalt Bankverein and the Elsaessiche Bank in Vienna. Talks are also going on with Chrysler and Lancia.

Public attention, however, has now turned to the Soviet Union.

Last month the Soviet Deputy Minister of the Automobile Industry had talks with Chancellor Kreisky and some motor companies and the Chancellor says there is a good chance for joint production of 200 heavy lorry-dumpers a year.

Austria would provide the diesel engines and electrical components. It might mean contracts worth Sch.1bn. for Simmering-Graz-Pauker, the heavy engineering company, alone.

However, it is doubtful whether another Austro-Soviet project—to assemble Lada here—will even be completed, since sales prospects in Austria are not bright and exports may lead to complications with the EEC.

The most successful venture so far appears to have been by the Austrian Steyr-Daimler-Puch company and the West German Mercedes-Benz company, for joint manufacture of an up-market cross-country vehicle. The Sch700m. plant, in Graz, will go on stream at the end of this year with an initial capacity of 25,000 units possibly rising to 50,000 a year.

Dock site for fish market approved

By Paul Taylor, Industrial Staff

PLANS TO transfer Billingsgate fish market from the City of London to a new site in the West India Docks were approved yesterday by the Dockland Joint Committee.

The scheme, which has the tentative approval of Mr. Peter Shore, Environment Secretary, was passed by Greater London Council and local council delegates on the committee's Lands Board sub-committee without objection.

The London Fish Merchants' Association has chosen the new site comprising Shed 36 and about 13 acres on the north quay of West India Dock. Under the proposals, estimated to cost £6m., Shed 36 will be expanded to provide offices, market and cold storage space.

There are three main possible sources of finance for the project. The City of London, which wants to retain an interest in the market, would like Tower Hamlets council to seek an urban aid grant to meet most of the most. The City would then lease the site from Tower Hamlets, and in turn lease stalls to market traders.

The Department of the Environment would prefer the City Corporation to pay for the new market out of profits said to be available from redeveloping the Billingsgate site. The City says it could not afford to finance the new market.

The last possibility is for market traders to form a market authority and ask for funds from the Ministry of Agriculture and Fisheries.

Extra spending cash raises retail sales

BY DAVID FREUD

THE ADDITIONAL spending power in the hands of consumers is being strongly reflected in the level of retail sales.

The volume of sales in the first three months of this year was 1.8 per cent. upon the previous quarter and nearly 3 per cent. higher than the level of the same period in 1977. The increase was spread evenly across all the categories of retail trade.

The final figures for March, published yesterday, show a sharp upwards revision in line with the buoyant trend. The index of the volume of retail sales rose to 107 (1970=100, seasonally adjusted), compared with the provisional estimate of 106.

This final figure is an increase on the February index of 106.8 and the highest figure since August, 1976. Nevertheless, it is still far below the peak of 111 recorded in the first quarter of 1973.

The steady increase in the volume of sales since December tends to confirm expectations that a strong consumer boom will develop from about July.

Mr. Richard Weir of the Retail Consortium said: "The forecasts of a 5 per cent. volume gain in sales from 1977 to 1978 are looking increasingly likely."

The underlying factor in the buoyant sales is the increase in personal disposable incomes. Figures released with the Budget showed that this will have risen by about 7 per cent. in the year to mid-1978.

A break-down of the March final figures shows a strong increase in sales from clothing and footwear shops. The seasonally-adjusted index for this category rose from 109 in February to 115.

On a quarterly basis sales were up 2 per cent. in the three months January to March, compared with the last quarter of 1977.

The volume of sales of durable goods in March showed a decline from the strong performance of the previous two months. However, on a quarterly basis sales were 3 per cent. up in the first quarter of this year compared with the final quarter of 1977.

Sales by "other non-food" shops, which include department stores and mail order businesses, rose 1 per cent. in the latest three months, while sales by food shops rose 1 per cent.

The hire purchase figures confirm the indications of a revival in consumer spending. In the first quarter total advances were 6 per cent. higher than in the previous three months.

Finance houses' lending increased by 7 per cent. between the two quarters, while retailers' lending was up 5 per cent.

On a month-by-month basis there was a rise from £201m. in February to £212m. in March in the amount of new credit extended by finance houses.

HIRE PURCHASE CREDIT AND RETAIL SALES

(Seasonally adjusted)

	New credit extended by: Finance Houses £m.	New credit extended by: Retailers £m.	Total debt outstanding (unadjusted) £m.	Retail volume (revised): Total (1971=100)	Retail volume (revised): Durable goods shops (1971=100)
1976 1st	340	493	2,349	105.9	117
2nd	382	490	2,424	106.9	122
3rd	392	521	2,516	107.3	125
4th	421	547	2,716	105.9	124
1977 1st	457	550	2,792	103.3	116
2nd	486	561	2,930	102.5	118
3rd	544	605	3,108	104.3	121
4th	585	604	3,341	104.4	121
1978 1st	626	634	3,507	106.3	125
1977					
September	181	206	3,108	103.5	121
October	179	199	3,170	102.7	120
November	198	203	3,267	103.1	118
December	208	202	3,341	106.9	125
1978					
January	213	216	3,378	104.9	129
February	201	217	3,429	106.8	130
March	212	201	3,507	107.0	117

Source: Department of Trade

Varley meets Boeing chief

By Michael Donne, Aerospace Correspondent

MR. ERIC VARLEY, Secretary for Industry, and Mr. Edmund Dell, Secretary for Trade, yesterday started their exploratory discussions on possible Anglo-American aircraft programmes with a meeting in London with Mr. E. H. Boullioun, president of Boeing's Commercial Airplane Company.

It was emphasised after the talks that they had been of a fact-finding nature and were not intended to be negotiations.

Mr. Varley and Mr. Dell want to know what all three U.S. companies—Boeing, Lockheed and McDonnell Douglas—have to offer the U.K., and equally significantly, what they will need in return in the way of guarantees on prices and deliveries.

The two Ministers and their advisers will collate the information they get from the U.S. chiefs—Mr. Sandy McDonnell, president of McDonnell Douglas, meets them to-morrow, and Mr. Roy Anderson, chairman of Lockheed, meets them next week—and draw up a list of options for presentation to the Cabinet, which will take the final decisions.

Analysis

Alongside the list of American inducements there will be an analysis of what the U.K. can gain from collaborating with the French and West German industries on possible transport aircraft programmes for the 1980s.

The U.S. teams have clearly thought it worth their while to come to the U.K. in strength. Mr. Boullioun brought a top-level team with him, including Mr. Dean Thornton, the vice-president of Boeing in charge of international developments. Mr. McDonnell is also expected to have a top-level team with him to-day.

It is accepted in the U.S. aerospace industry that which ever way the U.K. moves in collaborating on new aircraft programmes could profoundly influence the success of those ventures.

An Anglo-American venture, for example, especially if coupled with a Rolls-Royce engine, such as the 535 version of the RB-211 engine, could prove to be a world-beater in the next 10 to 20 years.

U.K. collaboration with Western Europe would be likely to offer the U.S. industry formidable competition, which they would prefer to be without, although it would not deter them from pressing on with their own programmes.

Southalls criticised for its high advertising outlay

BY DAVID CHURCHILL

THE PRICE Commission yesterday sharply cricised Southalls of Birmingham, the largest U.K. supplier of sanitary protection products, for the amount it spent on advertising and promotion.

The criticisms, which were levelled at the whole sanitary protection industry, were included in the Commission's report recommending that Southalls should be allowed to increase prices by an average of 4.31 per cent.

But the company has agreed to freeze the price of Lil-lets tampons, one of its main products, until the end of the year.

The Price Commission emphasises in its report its concern "about the high level of media advertising and promotional costs, most of which do not represent any savings to the consumer."

Consumers in the sanitary protection market were particularly vulnerable to a lack of real competition.

"They have no choice but to buy the product. They purchase mainly for reasons other than price, and the prices paid reflect high costs of advertising and promotions."

According to the Commission's investigations, Southalls spent £2.2m. in 1977 on advertising and promotion, and this "formed a significant part of trading costs."

The greatest proportion of expenditure to sales in 1977 was in the fastest growing and most profitable products, Panty Pads, Fastida and Lil-lets. Advertising and promotional costs rose as high as 20 per cent. on individual products.

Although some of these costs might result in benefit to the consumer, their "main effects in this type of market are to apportion the static overall market between existing manufacturers, and to limit competition.

"We consider, given these characteristics, that advertising costs and such promotional costs as do not represent direct benefits to the consumer should be reduced, and the savings passed to the consumer."

The Commission acknowledges that Southalls would be unable to do this unless it was part of an industry-wide cut in advertising.

Its decision to allow Southalls to increase prices was because the company faced increased costs which, without price increases, would have significantly reduced the level of profitability.

Even so, the Commission is concerned at the "markedly high level of profitability on tampons in a market where there is only one other supplier and where there is little competition on price."

Southalls (Birmingham) Limited. Sanitary Protection and other Hygiene Products. Price Commission. SO, price 80p.

Leyland sales down as market rises 20%

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE CAR MARKET in the U.K. rose by about 20 per cent. last month compared with a year ago, dispelling fears that the big British Leyland Superdeal promotion this year had pulled forward so many sales that registrations were bound to drop.

Even so, British Leyland has managed to capture only about 17 per cent. of sales, compared with almost 31 per cent. in March. Because of this decline, imports have made a big comeback, taking almost 50 per cent. of the market, compared with 41 per cent. last month.

Preliminary indications are that Leyland is improving its performance this month, with sales of about 21 per cent. so far but the company is clearly struggling to pull back into the dominant market position which has been taken by Ford.

Some Leyland executives concede that it will be hard to reach the target of a 27 per cent. market share for the full year.

The figures for last month, due to be released officially within the next few days, indicate that the total market will be over 135,000 units. This compares with 112,000 sales in April last year and with 179,000 last month, which was a record for March.

If sales continues at this level, the U.K. industry is well in reach of its forecast total for the year of 1.6m. units, although some dealers and component manufacutrers have been saying that they expect a decline in the latter part of the year.

Ford recaptured market leadership last month with a total of almost 31 per cent. about nine per cent. of which came from cars imported from its Continental plants, while Vauxhall took 10.4 per cent. and Chrysler 6 per cent.

Japanese importers took almost 11 per cent., with Datsun leading on 6.5 per cent. and Toyota on a little over 2 per cent. Renault also had an exceptionaly good month, capturing about 6 per cent. of the market.

● Volkswagen GB is planning to increase its sales in Britain by about 40 per cent. this year, mainly because of better supplies from the parent group's German factories after the opening of the new VW plant in the U.S.

The British company's new target this year is to sell 71,300 cars and light commercial vehicles compared with 50,889 last year.

Pipeline link will boost sea gas supplies

By Ray Dafter, Energy Correspondent

NORTH SEA gas supplies are to be boosted by a new collection system linking two new fields with the trunk pipelines between the Frigg complex and the St. Fergus terminal, Aberdeenshire. Offshore groups developing the Piper and Tartan fields have decided to collect the gas which is produced with crude oil rather than flare and waste it, British Gas Corporation announced at the inauguration of the St. Fergus terminal.

The Queen described the £2.5bn. development of the Anglo-Norwegian Frigg Field, the St. Fergus terminal and associated transport facilities as "one of the most complex engineering projects ever undertaken."

Engineering techniques had been pioneered in the effort to tap the Frigg gas reserves—"this huge store of energy." She urged that at least part of the North Sea wealth be reinvested for the benefit of future generations.

The Queen added that although more than one-third of the nation's gas supplies would eventually pass through the terminal, the facilities had been built with remarkably little damage to the Scottish countryside. "This is one modern development which has not been made at an environmental sacrifice."

Sir Denis Rooke, chairman of British Gas, pointed out that the Corporation had invested nearly £400m. in St. Fergus and related transmission facilities.

There were "excellent" prospects of more gas fields being found offshore. In the meantime supplies from Frigg and other fields in the northerly sector of the North Sea would help to ensure that gas consumers would be able to buy the fuel well into the next century.

Production

Gas from Occidental's Piper Field and Texaco's Tartan find would definitely be pumped ashore thorough the Frigg system.

It is understood that gas production from the two fields will rise to about 90m. cubic feet a day.

However, the Piper production profile will be past its peak when Tartan output reaches its maximum.

Occidental has already started to build its £85m. gas collection system. This includes a 35-mile pipeline from the Piper platform to the manifold platform built by the Frigg partners midway along the trunk line to St. Fergus.

Production through this 18-inch spur line is expected to begin later this year while Tartan's gas should be on stream in about two years' time.

Nuclear delay 'could upset energy plans'

By Ray Perman, Scottish Correspondent

FAILURE TO go ahead with a significant nuclear power station programme could seriously damage the ability of the U.K. to meet demands for energy by the end of the century, Mr. H. B. Greenborough, president of the Institute of Petroleum, says today.

He projects in an article in a review of the North Sea oil industry possible future energy demand on the basis of high and low assumptions of U.K. economic growth and matches them with possible levels of energy supply.

One of his principal conclusions is that by the year 2000 only the lower of the two demand projections — which assumes a growth of 2½ per cent. a year in the economy—can be met from indigenous energy sources. Even this assumes that there will be an accelerated nuclear programme and an optimistic view of the level of fossil fuel supplies.

If economic growth was high —3-4 per cent. a year—the energy gap could be large.

Conservation could be important in the pressing energy demand and it should be looked upon as an additional energy resource, says Mr. Greenborough.

Coal should also be seen as having a vital part to play in meeting Britain's energy needs. There was a need for a significant increase in investment in order to substantially increase production.

Understanding North Sea Oil: Operations, Prospects and Policy, Bank of Scotland, The Mound, Edinburgh, EH1 1YZ.

Fair Trading Office studies car dealers

BY STUART ALEXANDER

STEPS to curb the activities of some car dealers may be taken this summer by the Office of Fair Trading. Details have not been released, but talks are being held with local authorities and motor trade associations.

The move follows a survey by the office on the effectiveness of the code of practice for car manufacturers, dealers and garages, introduced in February, 1976. This showed that out of 50,805 complaints in 1976 only 30 per cent. involved dealers and garages belonging to associations supporting the code. Of 477 convictions, only 5 per cent. involved code members.

"Although I recognise that some reputable traders do not belong to these trade associations, the figures underline just how big a risk a consumer takes in dealing with a non-code firm they have not dealt with before," Prof. Gordon Borrie, director-general of Fair Trading, said yesterday.

"Garages and dealers outside the code account for only 15 per cent. of trade and yet, on the evidence of our survey, produce 70 per cent. of problems.

"This must mean that many have abysmally low standards and some are real rogues. So, I am planning to take action in the near future to curb their activities."

"Over the next few weeks I shall be discussing possible courses of action with local authority trading standards departments and I hope to make an announcement in early July."

Tentative proposals have been put to the Society of Motor Manufacturers and Traders and the Motor Agents' Association.

Yesterday the society said that it agreed with Professor Borrie's conclusion that more must be done by the trade to tighten up the code and to ensure that the public was made more aware.

But it rejected any suggestion that car dealing should be limited to companies which had agreed to abide by the code.

The cost of all checks required by the code would mean that it would be impossible to support sales of very cheap cars.

A great deal of progress had been made in the two years since the code started, particularly in the field of guarantees by manufacturers and improved guarantees on secondhand cars by main dealers.

Advantages of setting up U.K. offices

Financial Times Reporter

THE RELATIVELY low cost of labour in Britain, with a "well-educated, well-trained and efficient work force" is one of the incentives offered to foreign companies which may consider establishing offices in the UK by the Location of Offices Bureau.

The bureau is sending 10,000 copies of an illustrated brochure, "An Office in Britain," to overseas concerns, mainly in North America and Europe.

Pointing out that Britain has a wealth of managerial and administrative expertise and a pool of well-trained and experienced staff, the brochure adds: "A major advantage to companies setting up offices in Britain is the comparatively low cost of labour.

"Not only are the salaries of professional and office staff relatively low, but so also is the company's liability for statutory payments to cover pensions, health, social services and similar provisions. Personnel are also able to benefit by the relatively low cost of living compared with many other countries."

£20,000 plan to save Wheal Jane

CORNWALL County Council yesterday threw a £20,000 life-line to the Wheal Jane tin mine, which faces closure and the loss of 418 jobs. The cash will keep the nearby Mount Wellington pumps going for another two weeks and save Wheal Jane from flooding.

In the meantime a county council delegation will see the Prime Minister in a bid to halt the closure of Wheal Jane by Consolidated Gold Fields.

Mount Wellington's shut-down, costing 325 jobs, was announced last month.

Broxbourne books make £1.3m

THE FINAL part of the Broxbourne Library, the collection of early printed books gathered between the wars by the late Albert Ehrman, sold at Sotheby's yesterday for £371,400. All told the Library brought in £1,313,160 for John Ehrman, the son of Albert.

The highest price yesterday was the £35,000, plus the 10 per cent. buyers' premium, paid by Breslauer, the New York dealer, for a copy of the first book printed in Verona, in 1472, which was profusely illustrated with woodcuts of contemporary war machines. The price was almost four times the pre-sale estimate. Breslauer also acquired, for £32,000, a psalter which was the only book known to have been printed at the Cistercian Monastery in Zinna in Saxony.

The works of Lactantius, the second, and first dated, book printed in Italy—in Subiaco in 1465 — made £15,000, while Quaritch gave £12,000 for a copy of the Life of the Twenty Three Fathers, printed in Utrecht in 1480. A book about rural life, printed in Venice in 1472, went for £10,000.

A group of mid-16th century

SALEROOM

BY ANTONY THORNCROFT

Netherlands figures of the four Evangelists made £11,000 at Christie's yesterday in a sale of sculpture and works of art which totalled £134,969.

Bierstorfer, the German dealer from Munich, paid £5,800 for a South German gilt bronze group of St. Michael and the Devil of the late 17th century and £5,200 for a North Netherland oak group of St. Christopher and the Christ Child of the early 17th century.

A "grasshopper" ring, dating from the opening of the Royal Exchange by Queen Elizabeth I, realised £4,800. This hitherto unrecorded example, bearing the arms of Robert Taylor, now brings the known number of "grasshopper" rings to seven.

In a sale of coins and bank notes at Christies yesterday a late 5th-century BC Electrum Stater from Cyzicus sold for £5,800.

A superbly detailed model of an 18th-century man o' war fashioned in bone by a French prisoner in the Napoleonic wars sold for £4,400 to Davidson at Phillips yesterday.

In a sale of furniture and works of art, which totalled £129,318, Fortescue paid £6,000 for an 18th-century Dutch walnut and marquetry china cabinet and Nash paid £5,200 for a Heppelwhite mahogany library table.

Beauty spots study plan

AREAS of outstanding natural beauty—and their effectiveness as a method of conserving and improving the landscape—are the subject of a two-year Countryside Commission-sponsored study, the results of which will guide the Commission in its future policies.

HOME NEWS

Export groups clash on Bill

By Maurice Samuelson

TWO EXPORT bodies sponsored by the Government clashed yesterday over plans to curb the Arab boycott by introducing legislation similar to that recently adopted in the U.S.

A third body expressed fears that the moves could cost Britain's balance of payments £2bn. a year in lost Arab orders.

The Council for Middle East Trade and the British Overseas Trade Group for Israel presented diametrically opposed arguments to the House of Lords select committee studying the Foreign Boycotts Bill.

The Bill, drafted by Lord Byers, the Liberal peer, would bar companies from answering questionnaires from the Arab boycott office.

Lord Limerick, chairman of the council, said that the Bill would deprive companies of the freedom of choice about where to trade, and would put all Britain's exports to the Arab world potentially at risk.

It would antagonise and unite Arab countries who would turn elsewhere for consultancy services, automotive products and consumer goods which they now obtain here.

This was disputed by the British Overseas Trade Group for Israel, originally set up because the council, in compliance with the boycott, did not deal with exports to Israel.

Quality

Mr. Michael Sieff, the group's chairman, said that Arab customers bought British goods because of their quality, and that they would not switch their trade, sterling balances or insurance business elsewhere.

Because of "ungrounded fears" of the boycott, British companies were not involved in major development contracts in Israel, such as a £400m. power station now under construction.

Earlier, representatives of the Middle East Association, a private body with 450 members, told the select committee that £2bn. a year would be lost to the balance of payments if Britain adopted anti-boycott legislation.

Arab customers would cancel contracts overnight, said Lord Denman, the association's vice-president. "Meddling with the boycott problem can only harm British interests, and the sooner the Bill is put to bed the better."

Jenkins urges end of green pound

BY RHYS DAVID, NORTHERN CORRESPONDENT

EUROPE must make further progress towards eliminating currency instability and towards the phasing-out of the "green pound" and other artificial units of exchange, Mr. Roy Jenkins, President of the European Commission, said in Manchester yesterday.

Mr. Jenkins claimed Europe's currency instability had been a major factor in the poorer industrial performance of the Community in recent years when compared with the two other major world trading blocks, the U.S. and Japan.

At a time of severe depression the EEC has had to deal with currency fluctuations not only in other countries but internally as well, placing an extra strain on it. There was now a strong case for creating a zone of greater stability involving some if not all the EEC currencies.

His main concern over currency variations, however, was the effect on the Common Agricultural Policy. The creation of money compensatory amounts, such as the "green pound," to counter the effects on consumers within certain countries of higher farm prices had resulted in an administrative barrier to trade.

Different price levels for farmers in different countries led to a distortion in competition and in the use of resources and there should now be an orderly phasing-out of the compensatory amounts system.

Mr. Jenkins, speaking at a seminar organised jointly by the Sun newspaper and the Institute of Grocery Distribution, defended the Common Agricultural Policy against what he claimed were unjustified attacks in Britain.

Stability

Food prices in the shops in the U.K. had increased by only 6.4 per cent. over the last 12 months—lower than the overall rate of inflation of around 10 per cent. The EEC Commission's farm price proposals would result also in an increase of only 0.5 per cent. in prices in the shops over the next 12 months.

The Common Agriculture Policy had also produced stability of food supplies for the consumer and of income for the farmer, avoiding the danger of erratic changes in farming production.

Mr. Jenkins said that although surpluses represented a serious problem their size was often exaggerated and that in many cases the lakes and mountains of different products amounted to no more than a few weeks' or days' supply.

He also firmly rejected charges in Britain that the Commission had ever wanted to kill off daily home deliveries of milk. Europe as a major milk producer had a vested interest in insuring a high level of milk consumption and the Commission had proposed four months ago not only that the essential functions of the milk boards should be retained but that the system should be made available in other member states.

"To our regret the other members have not shown much enthusiasm and the system will probably be limited in the first place to Britain.

"We have proposed no cut-off date for the milk boards, we do not wish to abolish them after 1982, and all that is envisaged is a review before 1983 to see whether the systems cannot be generalised in the Community as a whole."

ROY JENKINS
"Phase-out green pound."

A more critical view of the role of the EEC in agricultural policy was given, however, by Mr. Dennis Landau, deputy chief executive of the Co-operative Wholesale Society.

The emphasis should now be changed from support for inefficient agriculture towards support for efficient feeding of the people.

The effect of the system as operated at present had adversely affected the food chain, leading last year to EEC wheat and beef prices twice as high as world prices, to butter prices four times as high and skimmed milk prices six times as high.

There was an urgent need to develop the agriculture policy into a common food policy.

State moves 'helped to hit Spillers'

BY CHRISTOPHER DUNN

MR. THEO CURTIS, chairman of the Federation of Bakers, claimed yesterday that "misguided" Government intervention in the bread industry had helped to force the early closure of Spillers' baking interests.

He told the federation's annual meeting in London that the bread industry had suffered badly under general pricing policies set up by the Government.

Spillers said early last month that it would pull out of the bread industry and make 8,000 workers redundant by closing 23 of its bakeries and selling the remaining 13.

Mr. Curtis said that this would have been avoided if discount controls on bread sold by bakers to large retailers had been retained, as the bakers urged.

These discounts had suddenly been abolished early in January last year, subsequently boosting retailers' profits at the expense of the bakers.

The Government had been warned consistently in the past two years that its attitudes had destructive implications, but the warnings had been ignored.

The Government had not realised that wider implications were involved than underpricing of bread in supermarkets.

The large-plant baking industry had suffered particularly severely under price codes operated by the Government. It had also suffered through its legal inability to take effective measures to counter the market power acquired by its retailer customers.

Peak District limestone plan given go-ahead

BY PAUL CHEESERIGHT

MR. PETER SHORE, Secretary for the Environment, has overriden the objections of the Peak District National Park and granted planning permission to Imperial Chemical Industries for the development of a limestone quarry at Old Moor, three miles east of Buxton.

His permission comes after the recommendations of Mr. Keith Sergeant, the inspector who held a public inquiry into the proposed development between March and July 1976. It was granted yesterday.

The quarry will cover about 500 acres, of which 380 acres are in the National Park. The remainder are in the Derbyshire County Council planning area and permission for the development was given by the Council, for the land under its jurisdiction, in 1974.

The Peak Park Joint Planning Board originally refused planning permission. This prompted an appeal by ICI, which has now proved successful.

Amenity loss

ICI welcomed the grant of planning permission, pointing out that the group now had limestone reserves which would last into the next century. Preparation of the site for development will start in the next few weeks.

But the reaction to Mr. Shore's decision from the amenity groups like the National Parks, the Council for the Preservation of Rural England and the Countryside Commission ranged from disappointment to anger.

They do not, however, have any means of appealing against the decision. The planning process has run the full course. They can seek redress in the High Court only if the Secretary of State has not observed the established planning procedures—the substance of the decision is beyond appeal.

Nevertheless, Mr. Shore's decision is likely to add fuel to the debate on the role of the National Parks. While it is accepted that the concept of National Parks is approved by all political parties, the feeling remains that individual planning permissions are eroding the amenities the parks were established to offer.

At the same time the amenity groups feel that the Government should grant permissions for limestone development only within the context of a national limestone policy. This does not exist.

Limestone is used in the manufacture of soda ash and high quality lime. Mr. Shore told ICI that production of surplus for use in aggregates should be kept to the minimum.

The new quarry will be next to ICI's existing Tunstead Quarry, from which limestone is taken by rail to chemical works in Cheshire.

The grounds for the grant of planning permission rest on the national interest and the lack, on the basis of present knowledge, of any alternative sources.

"I have come to the conclusion that although the proposed quarry would inevitably have appreciable effects on the national park, on visual amenity, on the local residential environment, and on agriculture, the accumulated weight of the consequent objections would not be sufficient to tip the scales against its importance to the national economy," Mr. Sargeant concluded in his report to Mr. Shore.

BP sees 10% petrol price rise

BY SUE CAMERON

A RISE in petrol prices of about 10 per cent. was presaged yesterday by BP, third biggest brand name in the U.K.

The company said that over the next few years petrol prices would have to increase from the present range of 70p to 76p a gallon of four-star to between 78p and 82p a gallon.

It refused to say when motorists might expect the first increases or how big they would be initially.

There were strong indications that BP was waiting for the two brand leaders—Esso and Shell—to take the initiative in ending cut-price competition and in putting prices on a more realistic footing.

The company claimed that in real terms petrol prices were the same as they were in 1973. Many retail outlets were able to keep prices at an artificially low level—sometimes as little as 68p for a gallon of four star—only because they were being supported by oil companies.

BP reported that over the last year it had had a nil return on its £500m. investment in U.K. petrol marketing and it believed the picture to be equally bleak right across the industry.

Mr. Geoffrey Sheppard, manager of BP's retail division, said that over the next few years the imbalance between supply and demand was likely to even out, especially as the number of car owners in the U.K. was expected to rise from the 14.7m. to 16.5m. by 1982. Research suggested that expenditure on petrol was one of the last things people cut.

"Petrol demand over the next five years may well increase at the rate of between 2 and 3 per cent. a year."

Meeting at Waldorf properly arranged, says Bank official

FINANCIAL TIMES REPORTER

A SUSPENDED senior official of the Bank of England said at the Old Bailey yesterday that a meeting which he had with a solicitor's clerk at the Waldorf Hotel after office hours was quite properly arranged to discuss routine exchange control procedures.

Mr. John Martin Wales denied the meeting had anything to do with the scheme in which the prosecution say he took part, to deceive the authorities of more than £2m. worth of foreign securities and their entitlement to dollar premium rebates.

The Crown had told the jury that police were watching his movements at the time after a tip to Scotland Yard about a suspected fraud plot.

Mr. Wales, aged 42, of Chislehurst, Kent, who was earning nearly £9,000 a year when he was suspended from his duties in the exchange control department in 1976, has pleaded not guilty to conspiring with five other men to obtain money dishonestly from authorised dealers in investment currency between 1975 and 1976. All have denied the charge.

He explained that Mr. Patrick Walsh, a solicitor's clerk from East London who is also alleged to have been implicated in the plot, rang him at the Bank of England on March 16, 1976, to inquire about exchange control procedures.

It was late in the afternoon when the inquiry was made, and he (Mr. Wales) felt it was inappropriate for security reasons to have anyone calling at the Bank's offices after 5 p.m. So he arranged to meet Mr. Walsh between 7.00 and 7.30 that evening at the Waldorf Hotel on his way home, as it was not too far from the Bank.

Mr. Wales said: "We had a technical conversation about exchange control, and I told him I would do my best to assist him.

"He explained he wanted guidance about residential status for a client, and I explained the yardstick used by the Bank to determine such matters. I told him that if he had any doubts he should consult his client's own bankers."

Mr. Wales said the conversation ended on that note, but 10 days later he met two other men whom he now knew were also supposed to have been involved in the alleged plot. They came to the Bank with a routine inquiry, and he took them along to the wine bar below his office building as it was his lunch hour.

Later, Mr. Wales said, he found that the two men, who had introduced themselves as financial advisors, were Mr. John Robson, 57, commodity trader and Mr. Reginald Atkins, 50, company director, who are accused with him.

He knew nothing about their background at the time he met them, and he merely gave them general guidance on foreign security regulations.

The hearing was adjourned until to-day when Mr. Wales will be cross examined by the Crown.

Insurers get repair bill for £342,120

FIVE INSURANCE companies were ordered by a High Court judge to-day to pay out £342,120 to repair a fire-damaged 19th-century building which could be replaced by a modern structure for only £55,000.

The maltings at Stonham Parva, Suffolk, was being used as a grain store and cattle feed plant when it was severely damaged by fire in November, 1973.

Mr. Justice Forbes said that the owners had insured the maltings in 1972 for its full reinstatement value of more than £500,000.

The insurers—Phoenix, Royal, Sun Alliance and London Insurance, Norwich Union, and Fire and All Risks Insurance—were granted a six-week stay pending consideration of an appeal.

Talks with IMF team start tomorrow

By David Freud

TALKS WILL start in London to-morrow on whether the U.K. will keep the standby credit guaranteed by the International Monetary Fund in being for the rest of the year.

The existence of the standby credit binds the U.K. Government to the policy guidelines agreed with the fund at the end of 1976 and reaffirmed last December.

The talks between a fund team and the Treasury will last about 10 days. The Government has still not decided whether to cut free from the standby—an indication of the low priority attached to the talks.

The Government might not decide until the talks are well under way.

Target

Whatever the decision, however, there will be no practical consequences. If the standby lapsed the U.K. would retain its own money supply target and a public sector borrowing requirement just below the official limit agreed with the fund.

Retaining the standby until the end of the year—when it will lapse anyway—might help to calm the foreign exchange markets, which have been jittery in the past few weeks.

CONTRACTS

Test track for Leyland

WORK HAS started on a £3.5m. test track complex in Lancashire for Leyland Vehicles. It will form part of a £33.7m. Vehicle Engineering Centre to be developed on a 150-acre site at Moss Side, two miles west of Leyland. Main contractor is A. MONK AND CO.

There will be three main circuits, totalling over 5 km., with straight sections, loops and inter-connecting strips, turning circles and a central area service road. Belgian pavé and corrugated surfaced sections are included, as well as conventional asphalt surfaced roads.

There will be areas for noise, steering, braking and other tests. A water trough will provide for brake soak tests and there will be test hills of different gradients. The high speed circuit is banked for speeds up to 75 mph. It is connected to a braking straight, with wetting facilities. A marshalling area and track workshop form part of the Monk contract, together with a 35-metre span bridge on the main access route. Formed embankments, security and noise attenuation fencing, and extensive landscaping are included.

★

CORY DISTRIBUTION has a £1m. contract to distribute non-perishable groceries, wines and spirits to all branches of Cater Bros., the foods division of Debenhams, from June 5. Cater Bros. has 40 supermarkets and foodhalls spread over the U.K. Cory will use a fleet of 18 articulated vehicles—mostly 28-ton gross tractors with trailers between 27 feet and 33 feet—based at Radlett, Herts.

★

KENT INSTRUMENTS is to supply a second metering station complex to the Sullom Voe oil terminal in the Shetland Islands. The station, worth £4m., will deal with liquefied petroleum gas from the Brent and Ninian crude.

★

REISS ENGINEERING has received a £150,000 order from Stone and Webster for automatic cleaning equipment, said to be the first of its kind, for four new PVC reactors. These are to form part of the expansion project for British Petroleum Chemicals at the Barry plant in South Wales.

★

An urban traffic control system for Norwich has been ordered from PLESSEY CONTROLS by Norfolk County Council. Although capable of driving 200 units of street equipment, the initial installation will control 120 on-street units, comprising 50 traffic signals and 70 Pelican pedestrian crossings. All Norwich traffic signals will be synchronised to minimise traffic delays. The system will monitor the operation of the controllers and will submit them to a diagnostic test each day. Installation is to be completed in 1979.

HOME NEWS

Access buys 20% Eurocard stake

ACCESS, the credit card company owned by three of the U.K. clearing banks, has paid an undisclosed sum for a 20 per cent. stake in Eurocard International, the European credit card system.

Mr. George Gilhespy, Access chief executive, has joined the Board of Eurocard, which is based in Brussels.

The move is another step in a series of deals involving Eurocard whereby Access and other leading financial institutions plan to rationalise the credit card system in Europe.

The deal would make no difference to facilities for Access cardholders in the short-term, the company said yesterday. But outlets in Europe should increase steadily as Eurocard expanded.

Takeovers

Eurocard, which began operating in 1965, until now has been controlled by A. B. Finans Vendor, one of Sweden's largest finance companies. Eurocard subsidiaries operate throughout Europe.

Recently the local companies have been taken over by leading banks in the countries where they were operating, including the Caisse Nationale de Credit Agricole in France, commercial and savings banks in Denmark, and commercial, savings and co-operative banks in West Germany.

Since 1973 Access cardholders have been able to use their cards at the 70,000 Eurocard outlets throughout Europe.

In March Barclaycard, the credit card group owned by Barclays Bank, announced a scheme which offered cash advances in local currency throughout Europe, in conjunction with the world-wide Visa International credit card scheme.

Corrosion

THE DEPARTMENT of Industry has published a revised Corrosion Prevention Directory. The first edition was published in November 1975.

Corrosion Prevention Directory, edited by Dr. P. J. Boden, HMSO, £3.25.

U.K. growth running at 5% — brokers

BY DAVID FREUD

GROWTH in the first three months of this year has been consistently understated by official statistics and may have been running at an annual rate of more than 5 per cent., according to Hoare Govett, the City brokers.

The firm's assessment is in marked contrast to that of most other commentators over the past month. Since the Budget, the Chancellor's 3 per cent. growth target for the financial year 1978-79 has been widely criticised for being over-optimistic.

Hoare Govett, by contrast, say that the only way growth through the year could be throttled back to 3.5 per cent. would be through higher interest rates. Higher rates would be necessary to stop the money supply expanding beyond the 8 to 12 per cent. target range for sterling M3.

If M3 growth targets were relaxed the firm says "we would face a reasonably favourable short-term outlook, but the medium-term prospects for inflation and the balance of payments would be far from happy."

Conversely, if interest rates were raised the short-term implications would be difficult while "excess" growth was squeezed out. "but in the slightly longer-term conditions would become rather more encouraging."

The firm concedes that all the direct official statistics point to an extremely weak economy, but feels it can override this data because of the "very strong tendency for the Central Statistical Office to revise upwards their initial estimates of any economic magnitude."

Vacancies

There is also a wide range of conflicting evidence from various indirect indicators. These include:

- Unemployment during the second half of last year and this year has been falling while unfilled vacancies have risen strongly—factors difficult to equate with economic stagnation.
- The strong rise in private sector non-residential investment last year and the evidence of the investment intentions surveys taken in that year shows a pattern which normally develops in years above average growth.
- Imports of raw materials other than oil rose by about 4 per cent. in real terms last year, the reverse pattern to that normal in the final stages of weakness when there is a rundown in stocks.
- The Statistical Offices' own analysis of cyclical indicators points to last year as being a year of above average growth.
- The Government's tax revenues were extremely buoyant, particularly expenditure taxes, which implies spending must have been fairly strong.

The firm concludes that it is likely that last year showed growth of between 2 and 3 per cent. overall rather than the stagnant growth officially recorded.

"An acceleration, therefore, at the end of 1977 brought about by rising real disposable incomes and an easier monetary environment, could have taken the rate of growth to over 5 per cent. a year in the first quarter of 1978."

UN proposals for disclosures by multinationals 'unrealistic'

BY ARNOLD KRANSDORFF

SERIOUS misgivings have been expressed by the International Chamber of Commerce over the proposals by the UN to radically expand the financial and "social" disclosure requirements for multinational corporations.

With regard to non-financial information, the chamber says that to attempt to develop universal principles are "over-ambitious and unrealistic" and it calls on the UN to allow more time to consider the fundamental issues involved.

The chamber comments are the considered response by industry to the UN proposals. These come up for adoption at the fourth session of the Commission on Transnational Corporations at a 10-day meeting in Vienna, which starts next Wednesday. Then, they will consider the latest ideas for international reporting standards, which have been formulated by their own Group of Experts.

The U.N. group has no direct authority over international accounting and reporting standards but could recommend that U.N. member governments implement the proposals through national legislation.

Referring to the U.N's proposals on non-financial disclosure (such as environmental performance), the chamber says that it was surprised at the extent to which the U.N. had felt able to make precise proposals bearing in mind that this is a totally new area without previously established universal standards, definitions and practice to guide deliberations.

It feels that "considerably more careful analysis would need to be given as to the purpose, relevance and need for non-financial and non-auditable data to be included in all companies' annual reports."

To attempt to develop universal principles to be applicable across a number of different industries and in different environments, was "both over-ambitious and unrealistic."

The chamber's submission includes a long list of "real concerns" which have been expressed by industry. It says it hopes that the Commission will view it as a constructive contribution to the debate.

Changes to employee shares plan proposed

By John Elliott, Industrial Editor

CHANGES to the Government's proposals for employee share ownership schemes contained in the Finance Bill now before Parliament were put forward yesterday by Mr. Nicholas Goodison, chairman of The Stock Exchange.

Speaking to an Industrial Society conference in London, he welcomed the income-tax concessions contained in the Bill for the share ownership form of profit sharing which he said he preferred to call "productivity sharing."

But some improvements could be made, the first of which was to allow the tax concessions to apply to cash handouts to employees as well as to money used to buy employees' shares.

Arrangements ought also to be made to include foreign and subsidiary companies which were "unnecessarily" excluded at present.

The Bill's proposed maximum annual handout of £500 per employee was "unrealistically low and did not allow for the responsibility carried by senior executives." A limit based on 10 per cent. of an employee's gross salary would provide a more realistic incentive.

He thought that the tax treatment ought to be "more liberal." The Finance Bill says that shares would have to be held for 15 years before all income-tax liabilities would be cancelled. Mr. Goodison thought this ought to come down to seven years with perhaps a high rate of tax during the first four years.

Finally, any restrictions on an employee selling his shares should be removed. At present the Finance Bill provides that an employee must hold the shares, through a specially created trust, for at least five years.

New rating valuations in 1982

THE next general revaluation of property for rating purposes will come into effect in 1982 and will be carried out on the existing basis of rental values, Mr. Peter Shore, Environment Secretary, said yesterday.

He told Mr. Andrew Bennett (Lab., Stockport N.) in a Commons written reply: "The present valuation list for England and Wales dates from 1973 and is becoming steadily more out of date.

"Revaluations have been deferred while the Layfield Committee on Local Government Finance was sitting and while we have been considering its report. But it is now time that work was started towards another general revaluation."

Best egg buy: size 6 white

By Christopher Parkes

SHOPPERS seeking best value for money at the grocery egg counter should ask for size 6 white eggs—if they can find a shop which stocks such small eggs.

In a survey carried out by the Eggs Authority, this grade, which usually goes to catering companies and hospitals, constituted the best buy in terms of pence a pound.

The average price of 36p a dozen worked out at 28.6p a pound.

Dearest eggs at 32p a pound were brown size 4 which can best be compared with the old medium grade.

The survey comes about four months after the storm of complaints which greeted the introduction in Britain of the Common Market egg grading method.

Suicide verdict on building society chief

FINANCIAL TIMES REPORTER

MR. HAROLD JAGGARD, building society chairman, committed suicide hours after auditors spotted that £6.5m. was missing from his society's accounts, a coroner decided yesterday.

Mr. Jaggard, 79-year-old chairman of the Grays Building Society, took a drugs overdose and left a note for his third wife, Helen. It read: "Don't go to the bathroom alone. For 40 years I have tried to put somebody else's misdeeds right. I can take no more."

Dr. Charles Clark, the coroner, made his decision after the eight-minute hearing during which Mrs. Jaggard said that her husband had been seeing doctors for a heart condition. Asked whether he had any stress problems, she replied: "None at all."

Mrs. Jaggard said that on March 17 she returned to their home at Brentwood, Essex, after visiting her daughter in London. The curtains were drawn, and Mr. Jaggard's car was still in the garage. She found his note on the kitchen table.

At that point, the coroner produced the note and commented: "It is clearly a suicide note." Mrs. Jaggard agreed.

Mr. Arthur Nudd, accountant and auditor to the Grays, told the inquest that, on the day of Mr. Jaggard's death, the Grays ledgers had been checked, and a discrepancy had been found. Mr. Jaggard had been informed.

Detective Supt. George Raven told the hearing that he was satisfied no outside agency or person was involved. Mr. Jaggard had been "seriously worried about irregularities at the Grays which were about to become public knowledge," he said.

Accounts to be shown to the Grays shareholders at their annual meeting this month will set out a £6.5m. deficiency in the society's book assets of £11m. Police inquiries show that about £200,000 in cash is missing.

The thefts, involving a period stretching from the late 1930s, were covered by false entries in the society's ledgers, and accumulated compound interest accounts for much of the £6.5m.

The Grays affair is likely to lead to the setting up of a permanent fund to protect building society investors.

Sir Maurice Laing calls for incentives

FINANCIAL TIMES REPORTER

BRITAIN had become the "no reward society" in which it was no longer worthwhile to work hard, Sir Maurice Laing, president of the Federation of Civil Engineering Contractors, said in London last night.

Sir Maurice said that he believed that the lack of incentive was the outstanding reason for the country's post-war decline.

"This is why we are producing so little and our productivity is so low, it is not through lack of investment, lack of ability or lack of skills, it is because of lack of incentive."

Commenting on the recent Budget, Sir Maurice said that the Chancellor had not taken the opportunity to encourage industry or the individuals on which the country's prosperity depends.

"It appears to be that the Government spends far too much time legislating, restricting and entwining us in bureaucracy."

People at all levels with varying degrees of ability and skill had "switched off" because it no longer paid them to be "switched on."

It was up to Parliament to re-introduce a system of incentives which encouraged people and companies to make every effort.

"Before and immediately after the last war, we were third in the international standard of living league, and now we are 16th. Our fall has been rapid and continues apace as anyone who visits Europe must see only too readily," Sir Maurice said.

Computers will control Ford spares and sales

BY TERRY DODSWORTH

FORD U.K. is launching a new computerised system to help its vehicle dealers to control their parts, service and sales departments.

The system, known as DARTS, has been developed jointly by Ford and Kalamazoo Computer Services.

Dealers will operate the system through a number of point-of-sale terminals which will provide a link with Ford's national data communication service and control stock levels in their own branch.

The terminal also produces sales invoices for cash sales or advice notes for credit customers. These show part numbers, a description of the parts, retail prices, VAT and any appropriate discounts for approved trade customers.

When parts sales are concluded, the stock record is updated and the information sent to Kalamazoos accounting and stock control systems. It is also hoped that the system will speed up service invoices.

Ford is planning to introduce DARTS, which cost Kalamazoo £300,000 to develop, throughout its European dealer network.

Industrial lung disease compensation survey

THE POSSIBILITY of compensation for sufferers from asbestosis and other occupational lung disease, where there is no employer to claim against, is to be examined by an inter-departmental working party being set up Mr. Harold Walker, Employment Minister.

The diseases to be studied include the miner's lung disease, pneumoconiosis, which also affects slate quarrymen, and the lung disease that cotton workers can suffer.

The diseases take many years to develop, so that employers can have gone out of business or the particular employer can be hard to identify, when the illness is disclosed.

The Pearson Commission on Civil Liability in its recent report found the question of such compensation difficult to tackle, and the departmental working party is apparently to see if it can find a solution where the Royal Commission failed.

Chef dismissed after 'culinary disasters' tribunal told

FINANCIAL TIMES REPORTER

UNSEASONED ratatouille and other "culinary disasters" led to the dismissal of a commis chef from Claridges Hotel, an industrial tribunal was told in London yesterday.

Mr. A. R. Boswood, counsel for the hotel, said the fact that Mr. Richard Elvidge was a trade union shop steward was not the reason he was dismissed.

Mr. Elvidge is claiming he was unfairly dismissed.

It was when Mr. Elvidge took over the Danish hors d'oeuvres at the Causere, a subsidiary restaurant for light meals, that things began to go seriously wrong, said Mr. Boswood.

"The restaurant manager began to notice things were going wrong with the dishes. The herring dishes were not properly presented. The herrings were not cut to the correct size and their tails were left on.

"He complained to the chef, Mrs. Hobday, and she passed on the complaint to Mr. Elvidge.

"You will hear from her that Mr. Elvidge seemed incapable of doing even the simplest things carefully and properly; for example, cutting the herring the correct size and shape."

Mr. Elvidge also failed to emulsify the mayonnaise.

Mr. Elvidge was a young man not very good at his job and clearly not able to accept the high standards required of those working at Claridges, or in the kitchen of any world-class hotel, said Mr. Boswood.

After a two-year course in catering at Grimsby College of Technology, Mr. Elvidge had started work in October, 1976. His first three months were in the larder and he was entirely satisfactory. Three months in the fish, and a further period in the potage followed.

It was while he was in the potage that Mr. Rolland, the head chef, had his first cause for complaint as Mr. Elvidge did not seem to care about his work.

That state of affairs continued for a brief period while he was in the sauce. M. Rolland asked him to move to the main hors d'oeuvres earlier this year but Mr. Elvidge refused, saying he would rather leave Claridges altogether.

On April 3 he was absent from his work, the fridge door was unlocked and he was found smoking a cigarette and having a cup of tea. He was given a formal warning.

On April 5 a customer complained that the ratatouille was not up to Claridges' standard. It was taken to M. Rolland who took it to Mrs. Hobday and it turned out that Mr. Elvidge had made it."

There was no seasoning in it, no salt, pepper or garlic. Asked about the seasoning, Mr. Elvidge said he did not like salt in his food, so he did not put salt or pepper in anything.

By April 6 Mrs. Hobday had had just about enough of Mr. Elvidge. He had not finished some dishes on time. There was a row and he told her he had no interest in his work and was only at Claridges for his own convenience.

"Mrs. Hobday was reduced to flood of tears and was found like that by the head chef. She told him that either Mr. Elvidge went or she did."

Mr. Elvidge was finally told he would have to go. At no time was his union, the Municipal and General Workers, mentioned either by him or anyone else. None of those concerned with the decision to dismiss him knew he belonged to the union. If they had known it would not have made any difference.

Three days later there was a strike but about 80 per cent. of the staff remained at work. Mr. Boswood said the union wanted Mr. Elvidge's re-instatement and also exclusive negotiating rights.

Mr. Frederick Mand, restaurant manager at the Causere, was asked in cross-examination by Mr. Andrew Collender, for Mr. Elvidge, about the ratatouille which had brought complaints.

Asked if he thought that too little salt or seasoning was worse than too much, he replied: "The customer is always right. It should not be that there is too much or too little."

Grimsby 'to win Humber ports battle'

BY RICHARD MOONEY

THE HEAD of a leading fish company yesterday forecast that Grimsby would win the "Battle of the Humber," in spite of Hull's undoubted superiority in the handling of freezer trawlers.

Mr. Mick Coburn, managing director of Findus, said at the official opening of a £1.25m. fish processing factory in Grimsby that it was unlikely that both would survive as major ports in view of the inevitable decline of the British fish catching industry.

"Trawler owners are going to have to make up their minds which side of the Humber they will operate."

Mr. Coburn based his confidence in Grimsby's future on the belief that in a world of 200-mile limits the U.K. catching industry would have to concentrate its development on the near-water fleet. In this field Grimsby's potential is superior to Hull's.

"At present, the Hull fish market couldn't cope with that sort of expansion, whereas Grimsby could.

"I also believe that, without too much difficulty, Grimsby could provide as good facilities for distant water fishing."

The massive investment by frozen food producers in Grimsby and the superior cold storage facilities were other important factors.

Expansion

Last week, British United Trawlers, Britain's biggest fish catching company, said that it was moving its remaining six freezer trawlers at Grimsby to Hull as part of a rationalisation plan which will cost 265 onshore jobs at the two ports, 190 of them at Grimsby.

The new Findus factory has created 100 additional jobs, with the prospect of more when expansion plans are put into effect.

Mr. Coburn said that where fish were landed would not affect his company's operations in Hull.

Hull was the "spearhead" of Findus' development work with under-utilised species, and with regard to its other processing operations it always has the option of shipping raw material supplies from Scotland and the north of England.

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LABOUR NEWS

TUC to question Healey on cash limits

By Christian Tyler, Labour Editor

TUC LEADERS will to-day press the Chancellor to outline his strategy for public expenditure and the future use of cash limits, which unions see as a wage restraint mechanism.

Mr. Denis Healey, accompanied by Mr. Joel Barnett, Financial Secretary, will be meeting the TUC economic committee in the wake of the Government's defeat in the Commons on the Finance Bill.

Although public expenditure and cash limits are the subject on the agenda, it will be a chance for Mr. Healey to test TUC opinion on his plans for another bout of indirect wage control.

Senior TUC leaders have met Mr. Healey privately once since the Budget, for discussions on the economy at large. Then the Government was criticised for lack of action on jobs and public spending. With the TUC firmly set against any Stage Four deal, the question of even an "understanding" appears to have been strenuously avoided.

To-day the TUC is expected to ask whether the underspending of 3-4 per cent. under the cash limits regime is a permanent feature of the system, and to press for the relative level of public expenditure to be restored to its 1975 position.

The Chancellor's Budget gave the TUC almost exactly what it asked for on tax cuts, but little in response to its demand for a further £2bn. to be directed towards jobs, pensions, the social services and construction.

Leyland union man resigns

By Our Oxford Correspondent

MR. JOHN POWER is to resign as convenor for the Amalgamated Union of Engineering Workers at Leyland's Park depot at Horspath, Oxfordshire. In return the company has decided not to sack him, but to take him back after a week's suspension without pay.

Mr. Power is also resigning from all other union activities at the depot as part of a settlement reached at talks between management and Engineering Union officials.

Last month Mr. Power was dismissed after an inquiry into travelling expenses and the decision was amended to a suspension on pay, while his appeal was heard.

When suspended Mr. Power had to give up his seat on the joint management and union committee negotiating bargaining reforms.

Farm workers' £100 target

FARM WORKERS yesterday instructed their union leaders to demand a minimum wage of £80 for a 35-hour week from next January, and £100 a week by 1990.

The executive of the National Union of Agricultural and Allied Workers had recommended support for £60 and £80 respectively, but this was rejected at the union's annual conference. The present basic rate is £43 for a 40-hour week.

Mr. John Hose beat off a Left-wing challenge to be elected president of the union in place of Mr. Bert Hazell, who is retiring.

Redundancy deals not 'selling jobs' says union leader

BY ALAN PIKE, LABOUR CORRESPONDENT

EMPLOYEES who accept redundancy payments should not automatically be condemned by fellow workers for "selling jobs," Mr. John Boyd, General Secretary of the Amalgamted Union of Engineering Workers, said yesterday.

He was replying to a claim by Mr. Jimmy Reid, a Left-wing delegate at the union's annual conference, that the Redundancy Payments Act had become an albatross around the necks of union officials, with some members prepared to sell their jobs as soon as they got "the whiff of severance pay."

Mr. Boyd said that often it was the changing pattern of industry which led to workers being made redundant. They should not be accused of selling jobs and betraying the next generation when they did not have something to sell.

The conference passed a number of resolutions on unemployment and Mr. Boyd indicated that the AUEW would put a motion on the subject to the TUC in September.

Delegates reaffirmed the union's policy that when redundancies are declared in any factory all overtime in thta particular work grade should be banned until the redundant members had found new employment. However, a resolution which would have led to the TUC being urged to seek legislation restricting overtime to five hours per week was defeated.

The conference called for more Government measures to tackle youth unemployment—which it described as "a crime against young people" including further training schemes, grants to school students who continue their studies beyond the minimum leaving age, and restoration of the levy grant system for industrial training Boards.

AUEW leaders will approach the Engineering Employers' Federation and attempt to negotiate a minimum annual intake of apprentices based upon the size of companies.

Delegates criticised private and public industry for not creating more jobs through expansion and urged the Government to legislate for a "statutory minimum level of investment in the manufacturing industry."

More than 1,000 Merseyside trade unionists arrived at London's Euston station yesterday and marched along Arundel Street before dispersing and making their own way to Westminster to lobby North-Western MPs. They were protesting about the spate of plant closures and redundancies in Merseyside where unempoyment is almost twice the national average.

Thomson and unions agree to arbitration

BY PAULINE CLARK, LABOUR STAFF

THE THREAT of a nationwide strike by journalists on Thomson Regional Newspapers seems to have ben averted. Agreement was reached yesterday between management and national union leaders to g oto arbitration in the dispute over sacked journalists.

The formula does not tackle the problem of continuing local difficulties over productivity payments within the group which led to the sacking two weeks ago of 380 members of the National Union of Journalists.

After deferring a call last week-end for a strike throughout the group, union negotiators led by Mr. Ken Ashton, general secretary, accepted a new formula for a return to work. This will be reported to-day to the Thomson group chapel and negotiators will recommend later this week acceptance at an emergency meeting of executives.

Two weeks ago, more than 3,000 journalists in the group staged a one-day strike to protest at the dismissal of 77 journalists in Hemel Hempstead who had been working to rule over a productivity pay claim. This was followed by the sacking of more journalists elsewhere in the group for taking similar action.

● The Mirror Group daily newspaper Sporting Life is expected to be produced to-day after failing to appear on Monday and yesterday because of problems over the introduction of new technology.

The loss of between 170,000 and 180,000 copies was the result of technical teething problems and did not arise from a labour dispute, the company said.

New staff were said to have had difficulties of familiarity with the new system. They had undergone training to prepare them for the new technology but had nevertheless had problems in getting used to coping with the especially complicated layout of the paper.

● Leaders of the National Society of Printers, Graphical and Media Personnel are to seek a meeting with management of the Times newspaper group to discuss a management threat to suspend publication of its national papers if industrial relations problems are not sorted out by November.

Mr. Owen O'Brien, general secretary, said after an executive meeting that the union, which claims 1,500 members in the group, would wait to hear what management had to say about plans for new technology and training of employees before making its own proposals.

Call to end shipyards pay delays

By Our Labour Editor

SHIPBUILDING UNIONS are to insist that next year their national wage agreement should be put into effect on the same date in every part of British Shipbuilders. At present it has to wait for local pay anniversary dates.

Mr. John Chalmers, general secretary of the Boilermakers, said yesterday he hoped that if the Government imposed another incomes policy it would allow this move.

The unions have been told that the outline of an agreement for this year had been cleared by the Department of Industry. This follows concessions under the pay guidelines to engineering workers in their recent deal.

Minimum rates of £57 a week, moving to £60, for skilled men, and £43, moving to £45, for unskilled, as in the engineering deal, are likely to emerge for the 86,000 shipyard workers. Average earnings are about £78 and £58, according to the em ployers.

Reject tough Stage Four says railmen's chief

BY OUR LABOUR EDITOR

Union would be prepared to negotiate reasonably if the Government gave top priority to tackling unemployment and the "creeping de-industrialisation of Britain," Mr. Bill Ronkesley, president of the Associated Society of Locomotive Engineers and Firemen, said yesterday.

But they would certainly wish to negotiate higher wages, a reduction in the working week and the abolition of overtime.

Mr. Ronksley, Left-wing leader of the small but powerful union, was addressing its annual conference in Dunblane, Perthshire.

He said that Ministers and some union officials were convassing the idea of an even more restrictive Stage Four of income policy. The whole trade union movement should reject it.

Labour would jeopardise its electoral chances unless it made a commitment to pursue a different strategy when returned. Its present Parliament weakness precluded socialist policies, he admitted.

● Another rail union voted for an end to wage restraint. A motion calling for an immediate return to free collective bargaining was carried by the delegates of the Transport Salaried Staffs Association at their annual conference.

Thatcher speech attacked

By Nick Garnett, Labour Staff

THERE WAS no prospect of a Conservative government forming any rewarding partnership with unions. Mr. Roy Hattersley, Prices Secretary, said yesterday.

Referring to the week-end speech to Bow Group Conservatives by Mrs. Margaret Thatcher, Tory leader, during which she said the rule of law was threatened by union kangaroo courts, Mr. Hattersley added that Mrs. Thatcher had chosen "to drag out and dredge up all the tired war-cries of the old anti-union campaign."

The Tories did not want a partnership with the unions, Mr. Hattersley told delegates to the radio and television servicing conference of the Electrical and Plumbing Trades Union in Scarborough.

Earnings levels were still the most important element in inflation. Nevertheless, Mr. Hattersley did not conclude that in the wage-round after August "we can or should" have a wages policy modelled on that of the past few years.

Tether argument over procedure

MR. C. GORDON TETHER, former Financial Times columnist, suggested yesterday that the industrial tribunal hearing his unfair dismissal claim should subpoena all members of the committee set up by the National Union of Journalists and Newspaper Publishers Association to inquire into his dispute with Mr. Fredy Fisher, the editor.

It was this dispute—over the editor's control of the Lombard column which Mr. Tether wrote for 21 years—that culminated in Mr. Tether's dismissal.

Mr. Tether, 64, seeks reinstatement.

He was questioning Mr. Lionel Morrison, an NUJ member of the disputes committee yesterday about the meaning of the committee's findings when Mr. Thomas Morison, counsel for the Financial Times, protested about the line that was being taken.

Mr. William Wells, QC, tribunal chairman, said he and his colleagues were also questioning relevance in relation to the matters which they had to decide.

Mr. Tether said: "I would submit that the evidence as to what the committee meant and whether they saw the disputes procedure as being at an end is of the greatest relevance to the fairness or otherwise of my dismissal.

"I feel the court should hear it — even if it is necessary to subpoena the entire committee.

"Indeed it should surely be contrary to the interests of justice if evidence as relevant as this were excluded because of procedural difficulties."

Mr. Tether said that the sensible and just thing to do would be to allow Mr. Morrison to give his evidence, and, if the Financial Times felt that he had not presented the position correctly, they should feel free to call a witness from the NPA side to give his account.

Mr. Tether said that the Financial Times had featured the events of the disputes procedure as being one of the most important factors contributing to the decision to dismiss him.

Breakdown

His alleged refusal to abide by the decision of the committee had been cited in their case to the tribunal as one of the three causes of the breakdown of the working relationship that led to the decision to dismiss.

He said there were three issues in respect of the events of the disputes procedure.

The first was the question of whether there could be said to be a decision of the disputes committee with which he could reasonably be said to have refused to comply.

The second was the question of whether the newspaper could reasonably have interpreted the disputes committee's findings as denoting that the committee was attributing blame to him for its inability to achieve a working relationship between the parties.

The third question was whether the newspaper could have reasonably believed as a result of that finding that the disputes procedure was at an end.

Mr. Tether said that the tribunal would have to consider whether the Financial Times could have reasonably and in good faith acted on such asumptions if they were going to take the very important decision to dismiss him on the basis of them.

The disputes committee findings had been expressed in extremely vague terms, and had the Financial Times been acting in good faith they would have gone to the committee or at least to the NPA members of it and asked what the findings meant, whether the dispute was considered to be resolved and whether the disputes procedure was exhausted.

Mr. Morison asked the tribunal to note that Mr. Tether had again made specific allegations about the paper's good faith. He would subsequently be adressing the tribunal on costs and would base that argument on certain facets of the evidence —and these remarks would be included as relevant to the question of costs.

He submitted that all three issues mentioned by Mr. Tether were matters of argument and not of evidence, and that there was no suggestion anywhere from the union side that the disputes procedure had not been exhausted.

Mr. Morison said that, if the tribunal heard all evidence whether it was relevant or not, the case would become totally oppressive for his clients.

The question before the tribunal was whether or not the dismissal was unfair. This had not been the question before the disputes committee, and, in any case, if it had been, the tribunal was in no way bound by any decision of that committee.

It was wholly unacceptable that there should be a long inquiry into what was in the minds of the disputes committee, by calling all six members to give evidence.

Unless Mr. Morrison had authority from the other members of the committee to give the view of the whole committee to the tribunal, then he should not be allowed to give his personal view of it.

Mr. Robert Norris, senior national organiser of National Union of Journalists, was asked by Mr. Tether to comment on the claim that it was well understood in Fleet Street that an editor had the right to change the jobs of his journalists without their consent.

Mr. Norris replied that it was not the union's view that this was an automatic right. There had been much public debate about an editor's prerogative. The union recognised the special position of editors, but reserved the right, and had exercised the right, to challenge decisions when it considered them questionable or wrong. This had been the subject of arbitration and at least one industrial tribunal hearing.

Mr. Norris, who represented the union at meetings of the joint Newspaper Publishers Association-NUJ committee set up in an attempt to resolve the dispute between Mr. Tether and Mr. Fisher, the editor, said various interpretations were put on Mr. Tether's relationship with Mr. Fisher.

The Financial Times contended he was acting unreasonably, and the union contended he was acting reasonably.

The hearing was adjourned until to-day.

Third reading given by MPs to Welsh Bill

BY IVOR OWEN, PARLIAMENTARY STAFF

ALTHOUGH THE Wales Bill completed its passage through the Commons last night, MPs on all sides questioned whether it will lead to the establishment of a Welsh Assembly in Cardiff. The third reading was carried by 292 votes to 264 a Government majority 28.

Supporters and opponents of the Bill conceded that the provision requiring that the referendum on the devolution proposals must produce a "Yes" vote, equivalent to 40 per cent. of the Welsh electorate to be effective, could prove to be a built-in "self-destruct" mechanism.

Mr. Gwynfor Evans, leader of the three Plaid Cymru MPs, claimed that the introduction of the 40 per cent. hurdle called into question the sincerity of the Government in advocating Welsh devolution.

He was sharply reminded by Mr. Michael Foot, Leader of the Commons, that the 40 per cent. provision had been written into the Bill as a result of a Government defeat.

Ministers werest ill opposed to the 40 per cent. provision, but they had to accept the decision of the House of Commons. The 40 per cent. hurdle should be seen as a challenge which the Welsh people could overcome.

While accepting Mr. Foot's position, Mr. Evans continued to question the sincerity of the Government as a whole, alleging that the Prime Minister, despite representing a Cardiff constituency, had not said one word on devolution in all the time that the issue had been before Parliament.

The Plaid Cymru leader stressed that in practical terms only 85 per cent. of the Welsh electorate could be expected to participate in the referendum. If a 60 per cent. turnout were achieved—not many more had voted in the Common Market referendum which had had all the advantages of nation-wide Press and television publicity—those voting "Yes" would have to be in a two to one majority over those voting "No."

With a 50 per cent. turnout, a four to one majority would be required to clear the 40 per cent. hurdle.

Mr. Evans said he feared that the Government was just taking Wales for a Parliamentary ride. Only a sustained publicity campaign over the next two months, supported by all Ministers and all members of the Labour Party would persuade the Welsh Nationalists to take a different view.

One of the most persistent critics of the Bill on the Government backbenches, Mr. Neil Kinnock (Lab., Bedwellty) clashed with Mr. Foot when, in winding up the debate, he reminded the Government ranks that the Bill honoured pledges given by the Labour Party in the two general elections in 1974.

Mr. Kinnock intervened to declare that the Bill did not represent the genuine demands of the Welsh people, as the result of the referendum would demonstrate.

Earlier, Mr. Francis Pym, Conservative devolution spokesman, asserted that the Bill had few genuine supporters on either side of the House, with some Labour backbenchers not disguising the fact that they were hoping to see it killed off by the referendum.

He described this as an abdication of Parliamentary responsibility. "To pass the buck to the Welsh people and wash our hands of the matter is to fail in our duty."

Never before, said Mr. Pym, had there been an occasion when the House of Commons had been asked to pass legislation which it did not believe in, so that the people whom it primarily concerned could reject it. It was a novel and dangerous doctrine.

Mr. Pym conceded that the concept of a Welsh Assembly had strong support in Wales, but that support did not extend to the Bill introduced by the Government.

He alleged that the three Plaid Cymru MPs, although welcoming the Bill, were hoping that it would not work, so that the resulting damage would bring closer the realisation of their ultimate objective, a separatist Wales.

Premier declines offer to test confidence

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN showed few signs yesterday of any political hangover from the Finance Bill rout, but cautiously declined Mrs. Margaret Thatcher's invitation to test another all-party challenge.

The exuberant Tory leader suggested that if a 33p tax rate was irresponsible—as the Prime Minister had declared—then the Government should try to raise it again on a vote of confidence.

"A very interesting suggestion," Mr. Callaghan remarked. "Extremely ingenious . . . I shall give it very careful consideration."

Labour MPs, fizzing as if they had been dosed with some political alkaseltzer, jeered Mrs. Thatcher's apparent reluctance to initiate the vote of confidence herself.

But Mr. Norman Tebbit (C Chingford) urged the Prime Minister, if he would not venture into the lobbies, at least to take an outing to east London.

Mr. Callaghan could then explain to the people why he clung to office when he had no other support left, he said.

There was no doubt who would get the better reception if the two of them went to face the people together, Mr. Callaghan retorted briskly. He had been "quite happy" with the local elections, he said in passing.

But the situation was not satisfactory, he agreed. "I shall go to the country for a clear majority for a Labour Government whenever I think it appropriate," he added amid Labour cheers.

Until that time came, the Government would take any necessary steps to put right the effects of the Tories' irresponsible behaviour.

Millions of people would not benefit from the tax cut, Mr. Callaghan said. But if the Tories pursued their present course they would widen the gap between poor and rich.

It had not escaped the notice of Labour MPs that Mrs. Thatcher herself would benefit—and they had a merry discussion of whether she deserved a bonus.

Dr. Edmund Marshall (Lab. Goole) recorded that the Tory leader had asked 294 questions in return for her £9,500 salary. "But since only six or seven could be described as positively constructive, she has virtually no eligibility for a productivity bonus," he said.

Parliament required a strong and effective Opposition, Mr. Callaghan replied with a patronising smile at the Tory front bench. "I think the Right Honourable lady earns every penny of her salary considering the Opposition is so much of a one-man band."

"Isn't that one more man than the Government has got," Mrs. Thatcher snapped.

Mr. Callaghan looked almost as hurt by that as Mr. William Whitelaw. But both regained their smiles as Mr. Joe Ashton (Lab Bassetlaw) recalled that Mrs. Thatcher had watched the Cup Final last weekend and afterwards named someone who was not playing as her man of the match.

Thatcher and Steel on losing side in political levy vote

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

AN ATTEMPT by Mr. Richard Page (C. Workington) to introduce a Bill allowing individual trade unionists to choose which political party should receive their political levy was narrowly defeated in the Commons yesterday by six votes (200-194).

The Bill was strongly opposed by Labour MPs and denounced by Mr. Jeff Rooker (Lab., Perry Barr) as "crazy and stupid." But among those voting for it were Mrs. Margaret Thatcher, leader of the Opposition, and Mr. David Steel, the Liberal leader.

Mr. Page, who was trying to introduce the Bill under the 10-minute rule procedure, claimed that it would reinforce the fundamental right of freedom of choice. It would also bring a greater understanding between the political parties and the trade union movement.

"I believe there is a growing feeling among rank-and-file trade unionists that the trade union movement is tending to become not only establishment-orientated but a mere extension of the Government of the day," he argued.

If members were given a choice of party, he could foresee a situation where the relative movement of constributions between the parties would be taken as an indicator of the effectiveness of political policies.

From the Labour benches, Mr. Rooker said he could not imagine a more stupid use of the 10-minute procedure. Under the Trades Union Act of 1913, which Mr. Page was seeking to amend, funds could not be used for political purposes unless approved by a resolution of union members.

"The Bill is unnecessary, simply because, if a member does not want to pay the levy, he does not pay it," he said.

In the last two years, the certification officer had received only 21 complaints from union members concerning the levy.

If the Bill were approved, the unions would be forced back to the position of the last century, where they could not use the constitutional process to get a voice in Parliament.

Mr. Rooker also protested that Mr. Page had made no mention of companies which made political contribution. The housewife buying soap-powder could not say that she did not want part of her money passed on to a political party, he said.

Scotland Bill heavily mauled in Lords

BY IVOR OWEN

PEERS INFLICTED a string of defeats on the Government in the Lords last night when the Scotland Bill was again heavily mauled.

An amendment deleting a provision to include forestry among the devolved responsibilities of the Scottish Assembly was carried by one vote, 73 to 72.

There were majorities of 27 and nine against the Government when amendments were approved to remove Scottish airports and inland waterways from the control of the Scottish Assembly.

Assurances by Lord McCluskey, Solicitor General for Scotland, that the role which the Government planned for the Scottish Assembly in forestry matters would not prevent the Forestry Commission continuing to discharge overall responsibility for forestry policy throughout Britain failed to satisfy Tory peers.

Lord Dulverton, who moved the amendment, argued that divided legislative authority for forestry would lead to a divergence of policy. "Britain needs an all-British, national forestry policy and strategy," he declared.

Two former Conservative Secretaries of State for Scotland, Lord Campbell of Croy, who spoke from the Opposition front bench, and Lord Glenkinglas supported the amendment.

Both maintained that there was no good reason to devolve forestry when agriculture was retained among the matters reserved as a responsibility of the Westminster Parliament.

The Government can be expected to try to repair most of the damage when the Bill returns to the Commons.

Callaghan urges realism over PLA cash crisis

BY IAN HARGREAVES AND JOHN HUNT

THE Prime Minister yesterday threw his weight behind a solution based on harsh commercial realism to resolve the Port of London's cash crisis.

Mr. Callaghan said in the Commons, that commercial criteria must be the test against which the future of London's upper docks were judged. "There will be no long term future for this country if we continue permanently to subsidise facilities for which there are no use," he told MPs.

His remarks followed Monday's less decisive Commons statement by Mr. William Rodgers, Transport Secretary, but provide strong support for the line which Mr. Rodgers is taking in private.

This line, in broad accord with that of Mr. John Cuckney, chairman of the Port of London Authority, is that the upper docks must be closed either immediately or over a period of about one year and the PLA's activity centred upon the container port of Tilbury. Mr. Cuckney revealed last week that the port, which lost £8m. in 1977, was heading for bankruptcy.

Mr. Cuckney has presented Mr. Rodgers with three costed options for the port, all of which involve closing the East End docks on the upper river with the loss of more than 4,000 jobs. Even if immediate closure is decided upon, a substantial Government grant will be required to maintain the port's liquidity. The sum involved could be between £30m. and £50m.

The principle opponent of the plan in Cabinet will be Mr. Peter Shore, Environment Secretary, whose department is committed to a programme of revitalising inner cities and who has a large personal stake through his constituency of Stepney and Poplar.

The matter is not expected to go before full Cabinet until the PLA itself has completed discussions with trade unions, which start next week. Adding to pressure for speedy action is the difficulty the authority will be experiencing later this summer in simply meeting its wages bill.

Mr. Callaghan told MPs that Mr. Rogers would consider the matter thoroughly before the Government reached a verdict.

Mr. Nigel Spearing (Lab., Newham S.) asked for an assurance that as part of the inner urban programme the Government would examine every possible means of seeing how far the facilities could be maintained and usefully used for the whole of east London.

According to Mr. Spearing, the use of commercial criteria to assess the future of the docks was doomed to failure because our Continental competitor ports already received support from the State and from individual cities.

Mr. Calaghan agreed that closure of the docks would have a serious effect but added "Docks have been closed in the past and will, I have no doubt, be closed in the future. But we must not underrate the impact of closures of this sort on the life of the community."

Following earlier criticisms from Mr. Spearing and others that the PLA figures showing likely losses by the upper docks of £6m. this year were less than accurate, the authority is to produce separate accounts for the docks in question.

Call for bonus decision

THE GOVERNMENT has taken no decision yet on whether the £10 Christmas bonus to pensioners will be granted again this year, Mr. David Ennals, Social Services Secretary, said in the Commons yesterday.

He was replying to Mr. Tim Sainsbury (C., Hove) who said that many pensioners had been confused last year by first being told there would be no bonus and then finding out that there would be one.

Payments of £10,000 for vaccine damage

TAX FREE lump sum payments of £10,000 for children and adults severely damaged by vaccines were announced by Mr. David Ennals, Social Serivces Secretary in the Commons yesterday.

But there was only a modified welcome from Mr. Jack Ashley (Lab., Stoke S) who has led a campaign for compensation for the children. He saw the payment as an interim measure and made clear that more would be expected later.

For the Opposition, Dr. Gerard Vaughan questioned the value of a fixed amount. It bore no relation to the future needs of individual children, he said.

Announcing the payments, Mr. Ennals said they would not preempt the rights of those who had suffered damage to take action in future. Nor would they preempt decisions the Government would make on the Pearson Committee recommenadtion that there should be strict liability for severe damage by vaccine.

Mr. Ennals said the £10,000 payments would be made to those damaged by vaccines recommended for the benefit of the community, whether children or adults, since July 5, 1948.

He instanced vaccines against diphtheria, tetanus, whooping cough, poliomyelitis, measles, rubella, tuberculosis or smallpox up to the date when routine use ceased to be recommended.

Mr. Ennals said the initial test would be the receipt of attendance or mobility allowance for conditions which could be attributed to vaccine damage.

In the meantime, the Government was still studying the Pearson recommendations, including strict liability in tort for vaccine damage.

Army captains

THE NUMBER of Army captains who resigned prematurely in 1977 was 277, compared with 175 the previous year, Mr. Robert Brown, Army Minister, said in a Commons written reply yesterday.

Labour candidate at Hamilton predicts Nationalist decline

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE LABOUR candidate at Hamilton, where a by-election is expected to be held on June 1, claimed yesterday that the Scottish Nationalist tide had turned.

Mr. George Robertson, former chairman of the Labour Party in Scotland and a full-time official of the General and Municipal Workers' Union, said that the Nationalist revival had started in Hamilton — and there it would end.

Following the successful defence of Garscadden in a by-election last month and the failure of the SNP campaign in the regional elections, Labour is confident that it will hold off the Nationalists, who won the seat in 1967 but lost it in 1970. At the October, 1974, general election, Labour's majority was 3,300.

The SNP candidate is Mrs. Margo MacDonald, senior vice-chairman of the party. She needs a swing from Labour of more than 4 per cent. to win the seat. In the local elections last week there was a swing of 9 per cent. in the opposite direction.

The Conservative candidate is Lord Alexander Scrymgeor and the Liberals have nominated Mr. Fred McDermid.

Mr. Robertson, like Mr. Donald Dewar, the successful Labour candidate at Garscadden, is to the right of the party, a solid supporter of Mr. Callaghan's Government and a strong pro-devolutionist.

Hamilton, he said, would be a key batle in Labour's fight to defeat the Nationalists in Scotland. He intends to make independence a major issue in the campaign.

"This is a decision the people of Scotland have to make. They have to say whether they want separatism or not," he declared.

PARTY AGREES COMPROMISE ON RE-SELECTION OF MPs

Harmony rules as Labour fixes gaze firmly on next election

BY RUPERT CORNWELL, LOBBY STAFF

THE Labour Party is now suffering from a pronounced outbreak of peace within its ranks — a phenomenon that is, of course, not entirely unconnected with the likelihood of a general election within the coming six months.

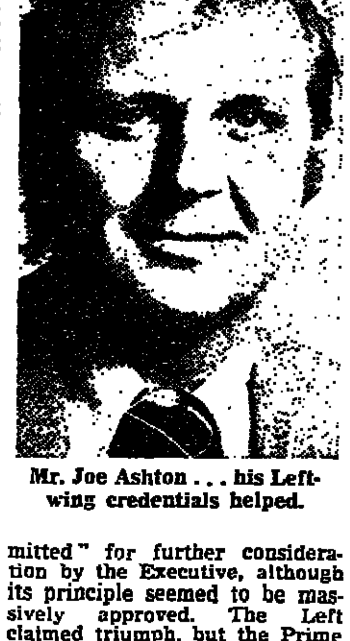
The Common Market controversy, which has bedevilled it for a decade, has been laid to rest, and the National Executive Committee has grudgingly agreed that the party should fight the first direct elections to the European Assembly in the summer of 1979.

On economic matters, too, there is comparative harmony. A meeting of the Parliamentary Labour Party saw the remarkable spectacle of a grateful Mr. Healey blowing kisses to Mrs. Audrey Wise, in the past one of his most virulent Left-wing critics on the backbenches, after the lady's most kind remarks about his April Budget. And now, most important of all, agreement is in sight on that explosive issue, whether sitting MPs should automatically face re-selection by their constituency parties between general elections.

The scheme that will go to the NEC later this month—and presumably be approved—is a compromise between Left and Right, though perhaps tilted towards the latter. The former have dropped their insistence that a full scale re-selection conference should be mandatory. But the Right have accepted that an MP's job is not a sinecure; that he should be readopted at a special mid-term meeting of the local party, and that, if unsuccessful, he should have to join a new shortlist of candidates.

Labour's rule book will thus be changed, so that an orderly procedure will replace the present choice between re-adoption on the nod in the scramble after an election has been called, and the typical unsavoury and endless struggle to winkle an MP out.

Just how important is the agreement reached by the NEC's organisation sub-committee on Monday may be measured by the fact that re-selection drew more resolutions and amendments (70-odd in all) than any other issue at the 1977 Labour conference. In the strange parlance of such occasions, the topic was "remitted" for further consideration by the Executive, although its principle seemed to be massively approved. The Left claimed triumph, but the Prime Minister spoke for the Right when he declared at the time that remission, to all intents and purposes, meant defeat.



Mr. Joe Ashton . . . his Left-wing credentials helped.

The difference in interpretation was only to be expected. For the argument over re-selection crystallises the conflict between Labour's socialist and social-democratic wings—in other words, between the party in Parliament and Government, with its enduring centre-Right majority, and activists in the field, who believe that only with strict constituency control of MPs can the socialist millenium dawn. With it is bound up the row over far-Left "entryism" as activists move in to take over general management committees, and seize the power to oust a sitting Right wing MP.

The deal does offer protection against this threat. The re-adoption process will only take place normally once in the life of each Parliament, between 18 months and three years after an election. No management committee member may vote unless he has served for at least 12 months, and ample rights of appeal, albeit only on procedural grounds, are provided.

Two things seem to have led to the compromise: the common desire, stemming from the proximity of an election, not to rock the boat and hand the Conservatives ammunition for the "Red peril" arguments that will feature in their campaign, and a recognition of the facts of Labour party life.

The two-stage, optional, re-selection formula was undoubtedly helped on its way by the Left-wing credentials of its author, Mr. Joe Ashton, MP for Bassetlaw, who leant heavily on the warning that a Labour Government could be wrecked by the maverick votes of a handful of MPs, disowned in their constituencies, who would have nothing more to lose.

Even more important, though was the role of the trade unions, with their enormous inbuilt influence in the party who backed the compromise. Only three Left-wingers voted for immediate and automatic re-selection for every MP on Monday night; the others realised that whatever happened, the union regiments and their block votes would carry the day at conference, and went along with the Ashton device.

The 10-3 outcome testifies to a new reality in the party that on matters of Labour's internal organisation, the unions are increasingly siding with the moderates. This alliance has already forced into being, against the wishes of the Left, an inquiry into party structure which will deal with the "entryism" problem.

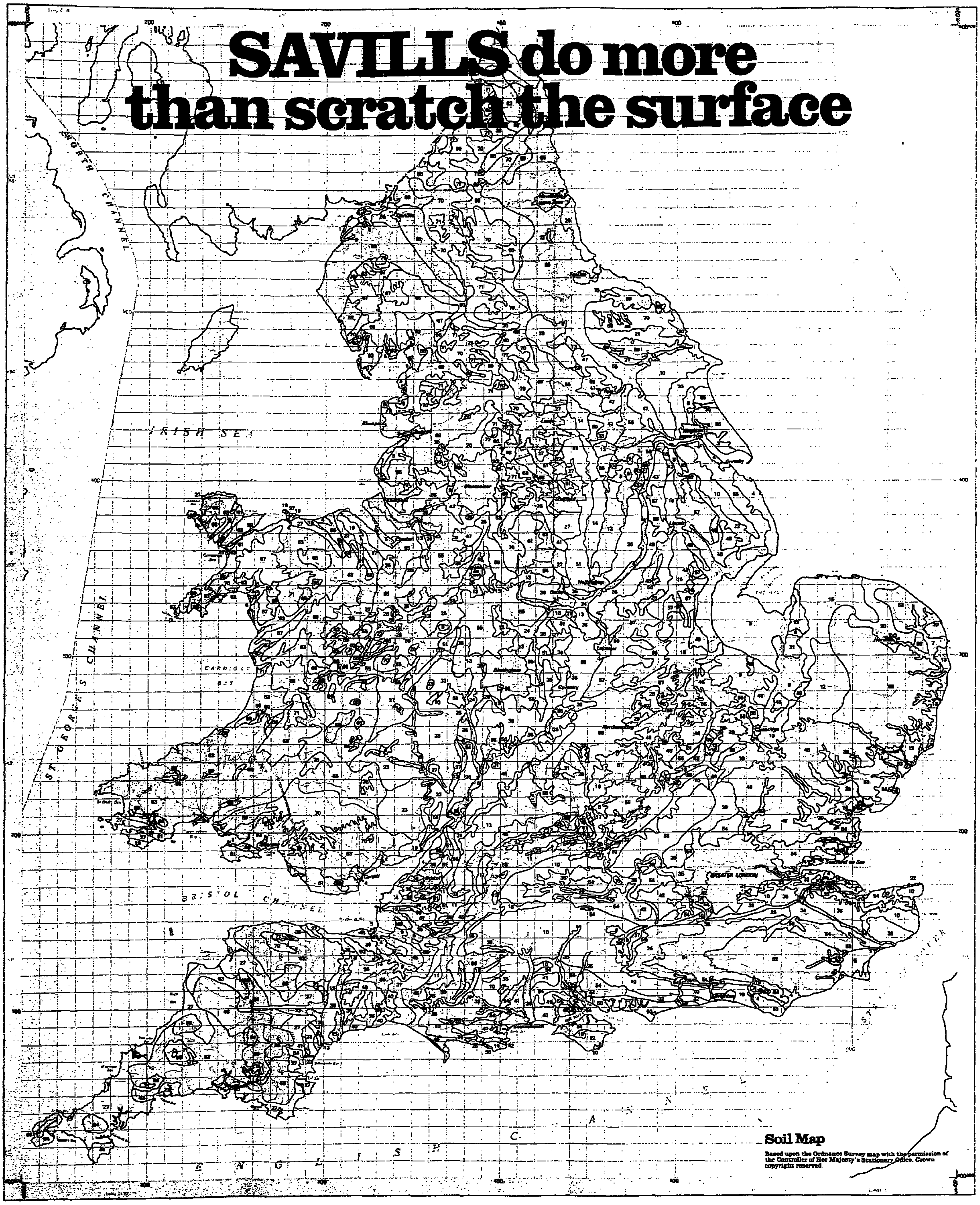
Why are the unions aligning themselves with the moderates. After all, on economic issues, such as pay policy, they are far apart. The answer, quite simply, is money and the influence it allows them to wield.

As Labour's membership withers and its organisation decays, the unions more than ever are the paymasters. Thanks to Mr. Moss Evans's TGWU, the impecunious party can stay on for a concessionary rent in its Transport House premises; and at the end of the day, it will probably be union funds that help pay for the new Labour headquarters, in Walworth Road, south London.

Also, of course, unions sponsor around 100 MPs, about a third of the Parliamentary Labour Party. And nothing do they relish less than the idea of seeing reliable loyalist MPs ejected by GMCs, and replaced by ones of a very different hue. "Basically," says someone closely involved in the reselection debate, "they don't want to see a miners' man chucked out of a mining seat, and some lecturer put in instead."

Not everyone, and least of all the Campaign for Labour Party Democracy, which insists on extra accountability of a Labour MP to his local party, will be happy. But that's the way it will almost certainly be. Back in Downing Street, Mr. Callaghan must be having a quiet chuckle. Maybe, on pay policy, the old magic isn't working as well as it used to. But, on reselection, the unions are doing him proud.

SAVILLS do more than scratch the surface



Soil Map

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Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	April 19, 1978 £m.	Change on month £m.
Eligible liabilities		
U.K. banks		
London clearing banks	24,686	+723
Scottish clearing banks	2,658	+ 45
Northern Ireland banks	827	+ 4
Accepting houses	1,920	+ 51
Other	6,327	+168
Overseas banks		
American banks	3,996	+ 76
Japanese banks	263	+ 25
Other overseas banks	2,974	+191
Consortium banks	238	+ 35
Total eligible liabilities*	43,889	+1,316
Reserve assets		
U.K. banks		
London clearing banks	3,258	+ 98
Scottish clearing banks	333	—
Northern Ireland banks	119	+ 1
Accepting houses	290	− 10
Other	853	+ 19
Overseas banks		
American banks	595	− 25
Japanese banks	37	+ 2
Other overseas banks	529	+ 12
Consortium banks	47	− 4
Total reserve assets	6,111	+ 92
Constitution of total reserve assets		
Balances with Bank of England	355	+ 89
Money at call:		
Discount market	3,310	− 67
Other	245	− 2
Tax reserve certificates	—	—
U.K., Northern Ireland Treasury Bills	842	+124
Other bills:		
Local authority	100	+ 10
Commercial	763	+ 38
British Government stocks with one year or less to final maturity	496	−100
Other	—	—
Total reserve assets	6,111	+ 92
Ratios %		
U.K. banks		
London clearing banks	13.2	—
Scottish clearing banks	13.3	− 0.2
Northern Ireland banks	14.4	—
Accepting houses	15.1	− 1.0
Other	14.0	—
Overseas banks		
American banks	14.9	− 0.9
Japanese banks	14.0	− 0.9
Other overseas banks	17.8	− 0.8
Consortium banks	19.8	− 3.4
Combined ratio	13.9	− 0.2
	£m.	£m.
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	13	− 1
2—Finance houses		
Eligible liabilities	325	− 8
Reserve assets	33.8	− 1.1
Ratio (%)	10.4	− 0.1

Special deposits at April 19 were £1,247m. (up £11m.) for banks and £10m. (unchanged) for finance houses. * Interest-bearing eligible liabilities were £29,397m. (up £705m.).

CBI QUARTERLY TRENDS

'Stagnation or little better'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE APRIL Budget failed to boost confidence about prospects in manufacturing industry, according to the Confederation of British Industry's quarterly trends survey which was published yesterday.

In a report of the views of about 2,000 companies questioned in the fortnight after the Budget of April 11, the Confederation says: "In terms of capacity working and of past trends in new orders and output, the general picture in manufacturing industry has again been one of stagnation or little better."

Higher activity is not expected in the next few months because output is likely to be limited as a result of poor demand in about 80 per cent. of the companies questioned.

In addition, "Export prospects are weak with firms experiencing deteriorating price competitiveness in depressed markets." There has, however, been some improvement here compared with the last survey.

It appeared that employment in manufacturing industry—which accounts for one-third of the country's workforce—was probably falling.

"On the brighter side, investment intentions remain quite strong. Cost increases are becoming a little less widespread, and the financial position of manufacturing industry does not appear to be worsening."

Resurgence

The general situation shown by the survey is that, instead of any resurgence of general business confidence, there has been "a slight weakening since the Budget. While 17 per cent. of the respondents were more optimistic than four months ago, about 20 per cent. were less buoyant. This balance between the two groups of −3 per cent. is marginally worse than the +1 per cent. recorded when the last quarterly survey was conducted in January.

Policy "implications" drawn from the survey results are based on the fact that manufacturing industry overall is "still far from busy."

The confederation says that this is the result of a number of factors such as a prolonged period of low growth at home and overseas, pressure on competitiveness, "damaging interference" by the Government in the affairs of industry, and poor productivity profitability and incentives.

This is reflected in the section dealing with employment which shows a strong trend towards a reduction in jobs in the 2,000 manufacturing companies replying to the survey which together employ some 3m. people.

The figures recorded "point firmly towards lower employment."

On the basis of previously-observed relationships between the survey answers and official statistics, the report concludes: "We would expect employment in manufacturing to be falling between the end of last year and August. This is rather surprising, against the background of falling unemployment in the economy as a whole."

The report adds that lower employment is already most pronounced among the largest companies and in industries such as metal manufacturing, chemicals and allied industries, and food, drink and tobacco.

At the same time, however, shortages of skilled labour are being reported by some companies as a significant constraint to output. About 20 per cent. of the companies replying to the survey reported such shortages, and those in some parts of engineering said that the shortages were causing difficulties.

Confidence about export prospects for the next 12 months is not strong, although there has been an improvement in the past four months.

"Between the two surveys there has been a marked swing from widespread pessimism at the beginning of the year to slightly greater optimism now among the largest employers.

"A few of the specific industry groups, mainly at the capital goods end of manufacturing, also seem to be a little less gloomy about export prospects than was the case three or four months ago.

"In the short term, however, there is little that is encouraging about current trends in the volume of new export orders or of export deliveries."

The survey shows that there has been an improvement since the January survey in the balance of companies reporting that they have been able to raise average prices at which export orders are booked.

But the position is still "below both the average for the 1970s and what was looked for when expectations were indicated in the January survey." The balance forecasting an increase in average export prices in the next four months is the lowest since September, 1971.

"The survey shows that price competitiveness has worsened since the beginning of the year, and is now just about as widespread a constraint to the winning of new export orders as at any time since 1964 when we began to ask questions about potential impediments to exports. Two-thirds of exporters of manufactured goods expect that over the next four months new export orders will be limited because of prices relative to those of overseas competitors."

In general total order books show a decline in new orders, especially in textiles, although there has been an improvement in some areas as diverse as heavy industrial plant and furniture and bedding.

While 45 per cent. of companies regard their present total order books as being below normal, only 13 per cent. (mainly in electrical engineering) say they are above normal.

"Such figures illustrate how any revival in demand has yet to reach the manufacturing sector," the confederation said. This was reinforced by 70 per cent. of companies saying they now had less than four months' work on hand. Six months ago the comparable figure was lower, at 65 per cent.

On capacity working, 66 per cent. of the companies report that they are working below a satisfactory full rate of operation. Among the largest companies the proportion is 73 per cent. The position is "noticeably worse" for intermediate industries rather than for producers of capital or consumer goods.

Contrast

This picture of around two-thirds of manufacturing industry reporting below capacity working has continued since January last year and reverses the pattern of cyclical recovery in earlier business cycles. There has also been no noticeable change in the trends on stocks.

In contrast, investment intentions have conformed closely in their present cycle to the established pattern, and are most buoyant among the largest companies. This leads the confederation to forecast that the volume of private manufacturing investment will rise 10-15 per cent. in the 12 months ending in October, and that a similar picture will be repeated in the following 12 months.

The confederation includes questions on corporate liquidity in its survey every six months, and this time the results show that "net liquidity in manufacturing industry is slightly better now than in April, 1977, although the improvement may have been a little less than was expected six months ago."

What improvement there has been is most pronounced among the smaller companies and in the consumer goods sector. Those in the paper and printing and the textiles industries are most likely to have done best. The opposite is true for electrical engineering.

CBI Industrial Trends Survey, April, 1978, No. 68. Full Results. Annual subscription £50 (CBI members £20), 21, Tothill Street, London, S.W.1.

Export trade

Companies completing these questions have direct exports exceeding £10,000 per annum. Number of respondents 1,425.

	More	Same	Less	N/A
Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago	18 (12)	57 (55)	24 (32)	1 (1)

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
Your present export order book is	13 (14)	39 (47)	45 (36)	3 (3)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months Up	Same	Down	N/A	Expected trend over next four months Up	Same	Down	N/A
Volume of total new export orders	23 (30)	40 (41)	34 (25)	3 (3)	24 (22)	55 (59)	18 (16)	3 (3)
Volume of export deliveries	23 (27)	45 (50)	30 (22)	2 (1)	26 (26)	52 (58)	20 (15)	2 (1)
Average prices at which export orders are booked	42 (31)	41 (51)	15 (15)	2 (2)	38 (47)	51 (42)	8 (9)	2 (2)

What factors are likely to limit your ability to obtain export orders over the next four months:

Prices (compared with overseas competitors)	Delivery dates	Credit or finance	Quota and import licence restrictions	Political or economic conditions abroad	Other
66 (63)	17 (18)	8 (5)	17 (12)	37 (33)	7 (14)

Details of trends

TOTAL TRADE—2,032 respondents. All figures are percentages on a weighted sample. Figures in parentheses show the response to the survey carried out last February.

	More	Same	Less
Are you more, or less, optimistic than you were four months ago about the general business situation in your industry	17 (19)	63 (63)	20 (18)

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on:	More	Same	Less	N/A
(a) Buildings	22 (25)	40 (37)	29 (28)	9 (9)
(b) Plant and machinery	41 (44)	36 (32)	23 (23)	1 (1)

	Yes	No	N/A
Is your present level of output below capacity (that is, are you working below a satisfactory full rate of operation)	66 (66)	33 (33)	1 (1)

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
(a) Your present total order book is	13 (12)	41 (41)	45 (46)	1 (2)
	More than adequate	Adequate	Less than adequate	N/A
(b) Your present stocks of finished goods are	19 (17)	59 (59)	9 (9)	13 (14)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months Up	Same	Down	N/A	Expected trend over next four months Up	Same	Down	N/A
Numbers employed	15 (19)	49 (54)	35 (27)	— (—)	15 (13)	55 (62)	30 (25)	— (—)
Volume of total new orders	26 (28)	44 (45)	27 (25)	2 (3)	26 (29)	59 (58)	13 (10)	2 (3)
of which: Domestic orders	27 (23)	46 (46)	24 (27)	4 (3)	24 (28)	60 (60)	12 (9)	4 (3)
Volume of output	27 (26)	54 (50)	19 (23)	— (2)	27 (31)	62 (56)	11 (12)	— (1)
Volume of domestic deliveries	26 (24)	51 (51)	22 (24)	1 (1)	31 (30)	56 (60)	12 (9)	1 (1)
Stocks of: (a) Raw materials and brought in supplies	22 (20)	57 (55)	19 (23)	2 (2)	14 (15)	66 (66)	18 (17)	2 (2)
(b) Work in progress	26 (22)	52 (57)	15 (14)	6 (7)	12 (15)	67 (65)	15 (13)	5 (6)
(c) Finished goods	25 (25)	46 (46)	17 (16)	12 (13)	17 (16)	55 (56)	16 (15)	12 (13)
Average costs per unit of output	63 (67)	31 (29)	4 (4)	1 (1)	63 (68)	32 (28)	4 (3)	1 (1)
Average prices at which Domestic orders are booked	48 (43)	45 (48)	6 (7)	1 (1)	52 (55)	45 (41)	2 (3)	1 (1)

Approximately how many months' production is accounted for by your present order book or production schedule:

Less than 1	1-3	4-6	7-9	10-12	13-18	More than 18	N/A
13 (14)	44 (42)	15 (15)	5 (1)	2 (3)	3 (3)	1 (2)	18 (18)

What factors are likely to limit your output over the next four months:

Orders or sales	Skilled labour	Other labour	Plant capacity	Credit or finance	Materials or components	Other
79 (77)	20 (18)	4 (4)	11 (11)	3 (3)	3 (3)	4 (4)

Factors likely to limit your capital expenditure authorisations on buildings, plant and machinery over the next 12 months:

(a) I have adequate capacity to meet expected demand	75 (74)
(b) Although I have adequate capacity, I have also capital investment opportunities which would be profitable at the present cost of finance, but I shall not be undertaking some of them for the following reasons:	
(i) Shortages of internal finance	7 (9)
(ii) Inability to raise external finance	1 (2)
(iii) Shortage of managerial and technical staff	3 (2)
(iv) Shortage of labour	3 (2)
(v) Other	4 (5)
(c) My capacity is not adequate to meet expected demand but I do not intend increasing my capacity. This is for the following reasons:	2 (3)
(i) Not profitable because of the cost of finance	— (—)
(ii) Shortage of internal finance	1 (1)
(iii) Inability to raise external finance	— (—)
(iv) Shortage of managerial and technical staff	1 (1)
(v) Shortage of labour	1 (1)
(vi) Other	1 (2)
(d) None of the above is applicable	22 (23)

London Clearing Banks' balances

as at April 19, 1978

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

	Total outstanding £m.	£m.	Change on month £m.	£m.
LIABILITIES				
Sterling deposits:				
U.K. banking sector	5,034		+795	
U.K. private sector	26,193		+858	
U.K. public sector	666		+109	
Overseas residents	2,156		− 53	
Certificates of deposit	2,319		− 19	
		36,396		+1,771
of which: Sight		15,124		− 848
Time (inc. CD's)		20,972		+ 822
Foreign currency deposits:				
U.K. banking sector	3,518		− 48	
Other U.K. residents	1,092		+108	
Overseas residents	10,722		+370	
Certificates of deposit	1,156		+ 71	
		16,488		+ 562
Total deposits		52,882		+2,332
Other liabilities*		8,658		+ 121
TOTAL LIABILITIES		61,572		+2,131
ASSETS				
Sterling				
Cash and balances with Bank of England		1,106		+ 116
Market loans:				
Discount market	2,081		− 23	
U.K. banks	5,549		+668	
Certificates of deposit	1,017		+163	
Local authorities	1,751		+ 57	
Other	181		+ 10	
		10,591		+ 901

	Total outstanding £m.	£m.	Change on month £m.	£m.
Bills:				
Treasury bills	343		+142	
Other bills	1,028		+117	
		1,371		+ 258
Special deposits with Bank of England		826		+ 4
Investments:				
British Government stocks	2,262		+ 22	
Other	1,423		− 1	
		3,685		+ 21
Advances:				
U.K. private sector	17,891		+159	
U.K. public sector	211		+ 61	
Overseas residents	3,015		− 19	
		21,117		+ 202
Other sterling assets*		5,430		+ 344
Foreign currencies				
Market loans:				
U.K. banks and discount market	3,391		− 29	
Certificates of deposit	330		+ 47	
Other	6,712		+191	
		10,393		+ 210
Bills		49		− 1
Advances:				
U.K. private sector	2,070		+159	
U.K. public sector	1,117		+ 22	
Overseas residents	3,051		+186	
		6,239		+ 367
Other foreign currency assets*		761		+ 8
TOTAL ASSETS		61,572		+2,431
Acceptances		265		− 11

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m.	Change on month £m.	BARCLAYS Outstanding £m.	Change on month £m.	LLOYDS Outstanding £m.	Change on month £m.	MIDLAND Outstanding £m.	Change on month £m.	NATIONAL WESTMINSTER Outstanding £m.	Change on month £m.	WILLIAMS & GLYN'S Outstanding £m.	Change on month £m.
LIABILITIES												
Total deposits	52,882	+2,332	11,242	+322	10,212	+880	11,188	+575	15,510	+467	1,702	+ 88
ASSETS												
Cash and balances with Bank of England	1,106	+ 116	314	+ 17	229	+ 60	244	+ 53	275	− 9	33	− 5
Market loans:												
U.K. banks and discount market	11,050	+ 616	2,717	+ 88	2,739	+380	1,795	− 17	3,455	+ 96	323	+ 68
Other	9,934	+ 498	2,628	+ 56	2,673	+293	1,628	+ 47	2,677	+ 70	338	+ 32
Bills	1,420	+ 237	266	+ 38	152	+ 14	635	+254	368	− 49	19	—
Special deposits with Bank of England	826	+ 4	251	+ 1	116	− 1	186	+ 2	215	+ 4	25	− 2
British Government stocks	2,262	− 22	506	− 4	437	—	400	+ 26	801	+ 20	115	− 29
Advances	27,356	+ 569	7,963	+109	4,038	+ 42	6,397	+167	8,022	+229	933	+ 22

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

	TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GLYN'S	
Eligible liabilities	24,545	+ 723	7,356	+ 70	3,559	+ 48	6,176	+365	6,628	+214	847	+ 27
Reserve assets	3,257	+ 95	953	+ 15	453	+ 11	857	+ 92	865	− 17	109	− 7
Reserve ratio (%)	13.2	—	12.9	—	12.8	+ 0.2	13.9	+ 0.7	13.1	− 0.7	12.9	− 1.5

New plan for site of Manchester station

A NEW proposal has been made for the future of the 23-acre Manchester Central Station site, at the centre of uncertainty and controversy since the station closed ten years ago.

Cllr. Arnold Fieldhouse, leader of Greater Manchester Council, disclosed yesterday that his council had received an approach from the present owner, Mr. George Robinson, a Manchester demolition specialist.

Mr. Fieldhouse said: "Certain proposals have been made to the county council with regard to its future and these are being given the most careful consideration." A fuller report would be given when the council's policy committee met on May 22.

The news brought reaction from Cllr. Norman Morris, leader of Manchester City Council, which has been trying to acquire the site since the station closed and has recently been negotiating with Mr. Robinson.

"It is monstrous that two local authorities should be used in this way. The interest of the public will not be served by a Dutch auction between two local authorities. This is not the way that public funds should be utilised."

Manchester City Council's concern—and that of the region's industry and commerce — was that the important Central Station site should be developed as an exhibition and conference centre "and not split up to suit private interests."

Earlier yesterday Mr. Fieldhouse said at County Hall that after negotiations and discussions by the city council over so many years he "would have thought the public were entitled to expect something to have been concluded."

Mr. Morris said: "There is no justification whatever for the provocative insinuation that delays in public acquisition of the site is the fault of the city council. It has been entirely on the side of the owners. It is the city council's duty to ensure that the price paid for this land does not exceed the figure the district valuer has agreed."

FINANCIAL TIMES REPORT

Wednesday May 10 1978

NORTHAMPTON

Last year's decision by the Government to curtail the pace of expansion of Northampton to a more realistic rate has reduced uncertainty in the town and lifted morale and confidence.

Time to catch its breath

NORTHAMPTON, the thriving *East Midlands* centre, which still retains its market town mentality, is adjusting to a more realistic rate of growth.

Since Norman and Plantagenet times, when its location at the centre of England made it an obvious choice for the home of Parliament and the Exchequer, the town has managed to foster its anonymity. Industrialisation of the boot and shoe trade in the last century, under the rigid non-conformity of benevolent factory owners, heralded a new period of economic growth which saw the town develop gradually to a population of 120,000 by the mid-1960s.

But the real upheaval came in 1968 when Whitehall committed a reluctant Northampton to expand its population by more than 100,000 in little more than a decade in order to act as a safety valve for the expected rapid growth of London. Though 60 miles from the metropolis, Northampton was charged with helping to alleviate the housing burden.

The town was promised expansion "at a white hot pace." a Development Corporation was appointed, and record house-building targets set. Fanciful figures fixed by central government were always regarded locally more as an aspiration than an aim, but the progress achieved has been dramatic.

Already some 4.5m. square feet of new factories and warehouses and 1.2m. square feet of offices have been built to create 10,000 new jobs. Two new shopping complexes, the Grosvenor and Weston Favell district centre, contributed to a 25 per cent. expansion of retail floor space in little more than three years.

Dual carriageways have scythed through open countryside and some 13,000 houses erected to create a whole new township, the eastern district. But it is only in the last nine months that Northampton has begun to reassert its expansion path. The statement by Mr. Peter Shore, the Environment Secretary, in September 1976, that the Government was reassessing the role of the new towns, created a prolonged period of uncertainty and damaged investment confidence.

Review

Government concern about the flight of jobs from Britain's declining inner city areas meant the future of Northampton, originally designated to act as a counter-magnet to growth in London, was subject to thorough review.

"The tide had clearly turned against the new towns, and for a time we did not know whether it would mean sudden death," says Mr. Basil Bean, the general manager of the Development Corporation. Tall and bespectacled, his cautious, almost academic, air reflects a background in finance and new town corporations. "We were told to explore a range of options from a complete halt through to continuation of the programme as before."

In the event, Mr. Shore announced last July that expansion was to continue but at a much more realistic rate. The target population of 230,000 by 1981 was cut to 180,000 by 1990. "Paradoxically, the decision has given the town a boost. It has dispelled the uncertainty, and lifted morale and confidence," says Mr. Bean.

From his office block, which looks out across sweeping new highways to the Brackmills industrial estate, he is able to point to new factories going up. "In the eight years of expansion, we have never been busier in terms of inquiries for factories, warehouses and offices," he maintains. In recent months incoming companies have signed for 40 acres of industrial land.

Such overt signs of quickening industrial activity at a time when the national economy remains firmly on a plateau are largely due to Northampton's special circumstances. Located midway between London and Birmingham, the town is astride the motorway network and provides an ideal centre for service and distribution trades.

In spite of the lack of mobile industry Northampton can still draw upon a growth sector: of seven small industrial units let in one week on a private development, six were for companies in service and distribution. The Development Corporation has also taken an aggressive lead in seeking jobs from overseas and has already attracted 23 companies from ten different nations to its industrial sites.

Mr. Leslie Austin-Crowe, the chief estate officer, is currently on a three-week promotional tour in the U.S. Efforts are also concentrated on six European countries: Belgium, France, Germany, Holland, Denmark and Sweden. The Development Corporation will follow up an exhibition in Hamburg this summer with seminars in Frankfurt and Dusseldorf, while this month some 80 French industrialists will be brought over to see the town.

The influx of foreign companies, like Carlsberg and Levi Strauss, and the fact that Northampton has been selected as the U.K. headquarters of operations, such as Rockware Glass and Diversey, has made surprisingly little difference to its character. "I liked Northampton as it was—a country town where everybody knew everybody else. Strangely, that has not changed," says Mr. John Barnes, an outspoken Conservative councillor.

From the leading opponent of town expansion a decade ago, Mr. Barnes now finds himself chairman of the borough's development committee responsible for promoting growth. "Expansion has worked better than anyone could have anticipated, despite the interference, vacillation, and bureaucracy of Whitehall," he maintains.

He is lavish in his praise of the co-operation between the borough council and the development corporation. The Government required Northampton, as an established industrial town, to enter a unique partnership arrangement with a Whitehall-appointed Development Corporation. The two public bodies have extended co-operation to the point of sharing offices and staff and promoting common programmes. Indeed, after reorganisation of local government in 1974, the partnership was broadened to bring in the County Council.

Reappraisal

The most immediate problem for the three partnership bodies is the town centre: a fundamental reappraisal of land use has been made necessary by the sharp cut in target population. Not only has the expansion programme been phased over a longer period, but the shops and offices that a town of 180,000 people can support are much less than those for a population of 230,000.

Prospects for further retail development, with the exception of one or two relatively small prime sites, look poor for at least the next decade. There is also a massive imbalance between the land at present allocated for office development and the likely demand. Northampton's grand hopes of becoming one of the most important office centres outside London collapsed with the property boom in 1973. Rents have shown little improvement over the last five years and some 400,000 square feet of accommodation is currently vacant.

Constraints were also placed upon the employment potential of the town centre by the political decision taken in 1974 by the Labour council to abandon plans for "an expressway"—a central distributor road that would have cut a swathe through the built-up area of the town displacing many hundreds of families.

Within the limited funds allocated for highway programmes over the next few years, it is thought that the road network will be unable to cope with more than 40,000 central area workers. The town already claims 26,000 employees; spaces within existing empty office blocks could accommodate at least another 3,000 and outline planning consents, granted but not yet built, would provide 3,600 jobs.

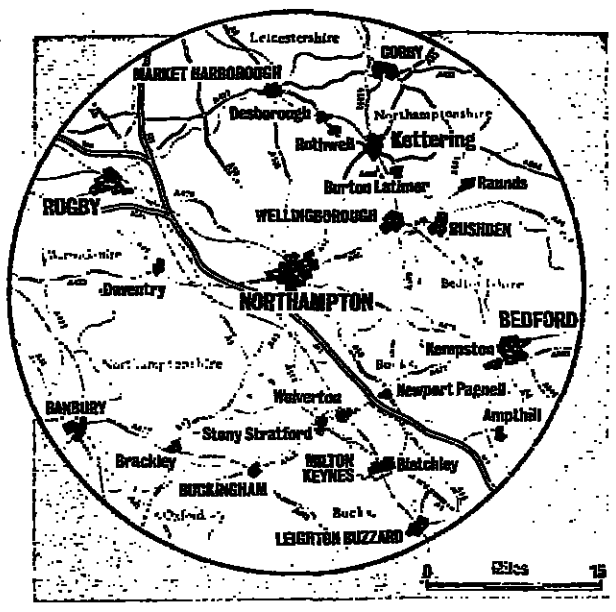
The dilemma which confronts the local council is the use to which it can put the formerly high value office sites. There is already more than enough land for retail development, while factories and warehouses are usually difficult to attract to central areas.

"We have an inner city problem," says Mr. Barnes. "We have large derelict sites in the central area, caused not by firms moving out but by our action in clearing the ground to deal with the 230,000 people the Government told us we should have." For the moment the council has allocated £50,000 for an "operation tidy up"—a programme of landscaping and tree planting to improve the worst areas of wasteland.

In the longer term the aim will be to achieve a cut back in office sites. Some land can be used for car parking and it is hoped to promote housing. Attractive sites close to two of the towns oldest churches are currently on offer to private developers—a move, which if successful, would encourage the first speculative housing scheme in the central area for some 40 years.

The partnership bodies are now thankful that the first few years of expansion were so hectic. The basic infrastructure has been provided. Mr. Bean sees the role of the Development Corporation less as one of pursuing aggressive expansion and more one of consolidating advances already made. "I think in the early days we had to put the emphasis upon physical development—the provision of bricks and mortar, of good housing—and I think we stand comparison with the best of the new towns. Now we must help to pull the town together and create a community spirit."

Indeed, Northampton has at last been given the time to catch its breath and look forward to a more orderly pace of expansion.



This Report was written by Arthur Smith.

Encouraging industry

NORTHAMPTON HAS pulled off a number of coups in attracting new employment to the town; the latest big name to announce plans for development is the Midland Bank which is to locate its staff training college on the Moulton Park industrial estate. Barclaycard, Rockware Glass and Diversey have already established headquarters in the town. Over 20 foreign companies from 11 countries have moved in over recent years. Inquiries for commercial and industrial premises are currently reported to be at an all-time high.

But, welcome as the new companies will be, there is a concern in the town that the action is centred upon the distribution and service sector. "We would like to see more real industrial development. We need more manufacturing," says Mr. Roy Walker, president of the Northampton and County Chamber of Commerce.

Any anxieties expressed are in part a reflection of what is a national problem of the failure of manufacturing industry to lay down new capital; they are also an entirely predictable reaction from a town which has prospered on the Victorian ethic of hard work and enterprise.

The trend away from manufacturing to the more sophisticated service sector was clearly spelt out in the Master Plan for Expansion approved by the Government in 1968. This set the target that Northampton, which in 1956 had only 47 per cent. of its workforce in service trades, would by 1981 have overtaken the national average of 57 per cent. to have six out of 10 workers in such employment.

Expansion

Within the first six years of expansion workers in office and professional services had grown rapidly from 15,000 to 25,000. Numbers in distribution also increased by 20 per cent. to 12,000, while the manufacturing sector remained fairly stable. The biggest drop was in Northampton's traditional footwear industry which, with the rag trade, saw the loss of several thousand jobs to take the workforce to little more than 5,000.

Footwear, which in the immediate post-war period employed nearly 13,000, has been overtaken by light engineering as the principal industry. In recent years, lower consumer demand and cheap imports have continued to take their toll, although some companies, such as Church with its quality products, have managed to show profitable growth.

Announcement of a £4.5m. industry aid scheme last month has helped to boost confidence. The state assistance is welcome less for the money involved and more as an indication of Government commitment to the future of the industry.

Northampton's strength in the distribution sector derives from its location close to the motorway network. New clearways from the M1 give ready access to purpose-built industrial estates. London and Birmingham are within an hour's drive, while the motorway also offers a quick route to Castle Donnington and Luton airports.

Even without the incentives to growth that a Government-backed Development Corporation is able to offer, Northampton would have continued to expand because of its natural advantages. Overfull employment rather than unemployment has been the problem that has confronted the town since the war. The present level of jobless, at 4.1 per cent., has remained fairly constant over recent months and is well below the national average of 5.9 per cent.

Prospects are good, says Mrs. Maureen Millers, deputy manager of Northampton Job Centre, based in the town's new Grosvenor shopping complex. She maintains that, despite the tight labour market, the town has been able to meet most of the requirements of incoming firms.

The area where shortages are described as "desperate" by Mrs. Millers is in the skilled engineering trades. Mr. Ron Knapp, managing director of Timken Europe, which includes British Timken, Northampton's biggest manufacturing employer with a 3,000-strong workforce, is particularly harsh in his comments about the lack of skilled labour. He complains that in recent years local employers, and Timken established its roller bearing plant in the town in 1942, have been locked into their existing pay structures by incomes policy. By contrast, incoming firms have been able to offer higher wages.

Labour turnover in Northampton's engineering factories has increased significantly over the past few years as workers have moved from plant to plant in search of higher earnings. Companies, such as Timken, Express Lifts and Plessey, which have extensive apprentice training facilities, have tended to lose skilled men.

Another complaint voiced by the local engineering industry is that incomes policy, and the constraint it has placed upon labour recruitment, is acting as a positive drag on productivity. "Wage restraint is all very well if it is holding down unit costs, but if it is causing lack of effort and inefficiency it is inflationary," the managing director of one large company maintained.

A dramatic example of the way skilled workers are drifting out of the industry was given by another company which had lost four of its most experienced toolmakers. They had left to do completely unskilled work for a small upholstery firm where they could pick up £78 a week, compared with the £63 they could earn after 25 years in their own trade.

According to the managing director, the outflow of labour has increased in the last three months. He views the trend not as a sign of any upturn in business activity—most engineering companies are still operating at only around 75 per cent. capacity—but as a response to rising living costs. "These chaps are faced with higher rate demands and other household costs. Their only defence at a time when the Government says we can pay no more is to go elsewhere."

Companies also report shortages of specialist clerical staff, which they attribute to the rapid influx of new white collar jobs. "General accounts, sales and credit control clerks are like gold dust. Salaries have shot up from around £3,500 a year to £5,500," one large employer maintained.

Local industrialists, in line with the national surveys, as yet can see no prospect of any significant improvement in orders. But the industrial sector of the property market, one of the first areas to feel the benefit of any quickening of economic activity, is already on the move.

Better

Mr. Anthony Hewitt, of Wilson and Partners, estate agents, says demand is better than for four years, and a few speculative developments are now under way. Rents have moved steadily up from the 85p to 90p a square foot levels of 1973. Wilson disposed of more than 200,000 square feet of warehouse and light industrial property last year at rents of between £1.10 and £1.25. By the end of this year rents for smaller units are expected to rise to £1.50 and to £1.35 for buildings of more than 5,000 square feet.

The Development Corporation, which in its first eight years created 10,000 new jobs, is anxious to provide a continuous supply of ready-serviced sites and advance factory units. The Corporation currently has around 100,000 square feet of factories under construction, offering units of between 1,000 and 40,000 square feet.

Sites, varying from half an acre to 50 acres, are available on a 99-year ground lease. The Corporation is asking £3,000 per acre a year for sites of more than three acres, £3,100 an acre for between two and three acres, and £3,200 for between one and two acres.

The Corporation, recognising the importance to industrialists of the immediate availability of floorspace; is currently promoting the town in the U.S. as part of a campaign which this year will see renewed efforts to attract companies from the Continent of Europe. Northampton has adopted an aggressive approach in seeking to create up to 15,000 jobs which are seen as necessary by the mid-1980s if the town is to meet its population target.

Housing market remains hectic

"AT LEAST the panic buying has stopped, but the housing market is still hectic." That is how one of Northampton's biggest firms of estate agents sums up the present situation. There has been much national newspaper talk about whether and to what extent the country is enjoying another housing boom. In Northampton there is no doubt that in the early months of this year the local market really began to take off, property quickly moved into short supply, and prices began to shoot upwards.

Opinions are mixed about the likely impact of the Government's latest intervention to limit mortgage advances. Local building societies are still inundated with applications, but some agents suggest demand may have moderated a little over the past two weeks.

Signs that the market was beginning to tighten became apparent last autumn. Among factors influencing increased demand was the rise in earnings thought possible under the relative flexibility of the Phase Three period of incomes policy. Locally, demand had also held up well because of the steady inflow of new companies settling in the area. The town is also a popular base for sales representatives because of its easy access to the motorway network.

Prices across the full range of property increased significantly in the first three months of this year and have held their levels subsequently. In some sectors of the market, particularly between £12,000 and £20,000, there is a real shortage of housing.

For the past two years or so there has been relatively little business in individual properties costing upwards of £35,000. However, the high prices such houses are fetching is tempting more property onto the market. Auctions have again become popular and there are always keen buyers for accommodation which offers a large garden or a paddock. Anything with land is at a premium; whereas a few years ago at least two acres was required, now only half an acre is enough to push the price up.

Strength

Probably the surest sign of the renewed strength of the housing market is the fact builders are again buying land. Agents report that sites with planning consents are arousing a lot of interest.

The Development Corporation is actively encouraging speculative housebuilding as part of its social objective to achieve an equal balance between private ownership and rented accommodation.

Mr. Basil Bean, the general manager, reports: "Demand from speculative builders has gone up dramatically and there are no signs of it easing off."

In order to promote individual housing ideas, the Development Corporation will sell plots of land in an exclusive district, dubbed by the locals as "Beverley Hills." A quarter-acre site costs £9,000 and the purchaser is responsible for making the building arrangements.

The Development Corporation is also an important building agency in its own right as one of its principal aims is to help reduce London's severe housing problems by providing homes and work for families from the metropolis.

There is a formal mechanism, the New and Expanded Towns Scheme, established to try to match the people in housing need with accommodation available in a place like Northampton. However, the Development Corporation has taken the initiative in making a more direct approach to the people it believes it can help. Earlier this year a series of exhibitions held in 12 London boroughs attracted around 1,500 visitors, of which 525 were classed as seriously interested in a move to the town provided they could first get a job. The exhibitions, staged in co-operation with the local housing departments, were held in aid centres and town halls.

Northampton has also had to respond to the Government policy of encouraging the new towns to attract many more "disadvantaged" families without jobs. The largest group tends to be retired people, but an increasing number of single-parent families and some unemployed and handicapped are also moving.

Of the 13,700 new houses built in Northampton since 1970, 6,000 have been undertaken by the Development Corporation. Around 60 per cent. of the families in the corporation's rented accommodation have resettled from London.

There is close co-operation on housing between the Development Corporation and the Northampton Borough Council. Under the unique partnership arrangement, the local authority manages the Corporation's stock of housing. In the summer of 1976 when the Corporation had a surplus of accommodation it took families from the borough waiting list.

This year for the first time the Corporation, at the invitation of the local authority, will undertake a small housing project within the borough boundary. This marks a significant advance in co-operation because under the strict terms of the partnership arrangement, the Corporation has responsibility only for the area outside the borough boundary but within the designated expansion area.

Fuller

The development could herald a much fuller involvement of the corporation within the town. Certainly the local authority would not be averse to the idea of making use of the Corporation as an additional source of finance.

The Conservative-controlled authority made it clear that it wants to slow down council house building and thereby cut spending by nearly half to £3m. Instead of building around 500 units a year the council will allow the total to drop to between 200 and 300.

Money saved on the house-building programme is to be twitched to provide funds for mortgages, improvement grants, and support for housing associations. The Government has authorised £1.5m. for mortgages and improvements grants and the Council believes it can play an important role in helping people on low incomes to own a home.

The cautious attitude shown by the Borough Council towards new housebuilding is just one contributory factor to the fairly depressed state of the local construction industry. According to the Northampton Association of the National Federation of Building Trades Employers, contractors have faced a difficult time over the past two years in the wake of public spending cuts and the general lack of investment confidence.

Companies have been operating at only around 60 per cent. capacity, a fact which has been reflected in the extremely competitive tendering for work. However, Mr. Geoffrey Field, the Association secretary, reports indications of an upturn are becoming apparent. "At the moment nobody is getting too excited. It is more of a feeling than a reality as yet."

But the one area where he does concede that activity is quickening is private housing. Like the estate agents, the builders are conscious that the market is still on the move.

Conflicts in regional policy

CONTROVERSY about Northampton's wider role within the Government's regional policy has been aroused again by comments in the latest report of the East Midlands Economic Planning Council.

The Council warned of the "very real risk of fierce competition" between Northampton and the nearby new towns of Milton Keynes and Peterborough for a limited supply of jobs, people and capital. "Such competition is undesirable and will be likely to lead to a waste of resources at a time of severe constraint in public expenditure," the report maintained.

The sentiments expressed have been repeated increasingly over the past decade as the reality has gradually dawned that neither population growth nor the economic expansion postulated in the early 1960s are likely to be achieved.

Northampton, somewhat to its horror, found itself dragged into the ambit of official regional policy with the publication, in 1964, of "The South East Study," a report commissioned by the Government. The document, anticipating a 3.5m. population growth in London and the south-east over the period 1961 to 1981, argued the case for counter-magnets to attract jobs and people away from the metropolis.

By 1968, Northampton, Milton Keynes just 15 miles away, and Peterborough 60 miles distant, had all been designated new towns with special resposibility for helping to deal with the south-east problem of overcrowding.

In addition, the county of Northamptonshire had obligations to London and Birmingham through three other expanding towns. Corby, 15 miles east of Northampton, was designated a new town in 1950 in order to reduce its dependence upon the steel industry as the single biggest employer. By 1962, Wellingborough was also looking to the capital after the local authority had signed an overspill agreement with the London County Council to provide housing. In 1964 Daventry struck an arrangement with Birmingham City Council to provide housing and employment for people relocating from the West Midlands.

With hindsight, the optimism about employment and population prospects indicated by the various arrangements now seems incredible. The fact soon became apparent in the late 1960s that national economic growth was lagging well below the 4 per cent. annual rate posited in 1964, and that jobs were simply not being created at the required rate.

Daventry was the first to feel the impact of reduced expectations and in March 1976, the Birmingham Council, concerned about the loss of jobs from the city, passed management of the overspill scheme back to the local authority. Birmingham made it clear that, while it was happy to export population to help solve its housing problems, it no longer wished to lose any industry which could be relocated in the West Midlands.

At around the same time, the Greater London Council asked to renegotiate its deal with Wellingborough, and by April last year agreement had been reached to cut the town's target population for 1991 from 83,000 to 60,000.

The move against Wellingborough reflected concerns which applied equally to Northampton. The GLC had reached the position where it wanted to reverse the policy of exporting jobs and people. The fear was that the enterprising and skilled were migrating, leaving problems of unemployment and social imbalance.

Some statistical justification for such arguments was provided by the 1976 review of the South East Strategy, which found that population, rather than growing by 3m., was likely to remain static or decline slightly.

The implications that such trends might have for Northampton became a real issue in late 1976 when Mr. Peter Shore the Environment Secretary, announced that he was to conduct a review of the policy of dispersal of population and employment from the inner city areas of the conurbations.

His action, which posed serious questions about the future of Northampton and hit investment confidence, was a response to the fears of those who argued that decentralisation had gone too far. Not only had there been a fall in the birth rate, but the planned efforts to disperse population had been accompanied by a much greater voluntary movement of people than anticipated.

Mr. Shore made it clear that it was the Government's intention to give higher priority and to direct scarce resources towards the inner city areas. In spite of this, when he announced the findings of his review of the new towns to the Commons last year, he gave the all-clear to Northampton, Peterborough and Milton Keynes to press ahead with expansion—but at a reduced pace. The population target for Peterborough was cut by 20,000 and for Northampton and Milton Keynes by 50,000.

As a gesture towards the higher priority of the inner city areas, Birmingham and London have been given precedence over the new and expanding towns in the award of industrial development certificates.

However, the Government is fully aware that its whole regional policy has been devalued by the number of special cases. In the pecking order for the limited amount of mobile industry are a whole range of assisted areas, graded in order of priority from the special development areas through to the intermediate areas.

While Northampton, as a designated new town now comes near the bottom of the list of priorities, its advantages must make it a very attractive alternative to companies which might otherwise be persuaded to go to areas of high unemployment. Not only does Northampton offer excellent communications at the centre of the country, but Government money is being pumped in to provide a modern and efficient infrastructure of roads, industrial sites, and public sector housing.

Within the county itself Northampton is still competing with Wellingborough, Daventry and Corby for new employment, and the latter two should certainly take precedence. The Northamptonshire Council has identified Corby, with an unemployment rate double the county average, at 8.7 per cent., as a town desperately in need of new industry. But, apart from merely drawing attention to Corby, there is little the planners can do to ensure development takes place there rather than at Northampton.

The East Midlands Economic Planning Council, after considering Mr. Shore's revised population targets for Northampton, Peterborough and Milton Keynes voiced concern that the three developments (each falls within the ambit of a different regional planning council) should be co-ordinated as closely as possible. The Council underlined the need for Northampton and Milton Keynes, in particular, to ensure that existing investment was fully utilised.

Doubts that even the revised population figures might be "optimistic" were expressed by the Council in its latest survey of the region. The argument was put forward that new jobs could not be expected to increase in the future at the rapid rate experienced between 1970 and 1975. However, the Council took a more sanguine view of Northampton's prospects, pointing out that encouraging industrial and commercial developments in the town suggested its new targets might not be "too wide of the mark."

One of the arguments which Northampton, in co-operation with Peterborough and Milton Keynes, has sought to rebut is that the new towns have taken large numbers of jobs from London. In a paper presented last year, the three towns maintained that their total employment growth since 1970 had amounted to 37,000 jobs, of which only 6,000 came from London. Over the same period, nearly 30,000 people have moved to the three towns to give a ratio of one job from London to every five people.

Looking to the future, the three see the greater part of their employment growth coming from the expansion of established firms and services, and from companies attracted from the south-east but outside London:

"In so far as firms do move from London, we expect them to be mainly in the office rather than the manufacturing sector. Furthermore, no matter how public policies may be changed over the next few years to try to hold firms in London and to attract others into the inner areas, it is inevitable that some will move out. We suggest it is far preferable that they be enabled to move to the new towns rather than to places in Hertfordshire, for instance, where development pressures are already greater than the county planning authorities wish or are able to absorb."

Such arguments make it clear that Northampton, whether it likes it or not, has now clearly been sucked into the general debate about overall regional policies. To that extent, future growth and development will depend less upon local initiative and more upon the role allocated to the town within a wider regional framework.

Northampton town centre: a mixture of old and new.

Major office developments

NORTHAMPTON CURRENTLY has around 400,000 square feet of office accommodation standing vacant, but it does not face the chronic oversupply situation usually associated with Leicester, 30 miles to the north. Indeed, some agents suggest that shortages are beginning to emerge for medium-sized developments of between 10,000 and 30,000 square feet.

The present imbalance is due to two large office blocks which have hung on the market for more than 12 months now. Around 73,000 square feet of Belgrave House, which forms part of the Grosvenor shopping complex, still remains available. The other project is Greyfriars House, a 200,000 square feet office building above the town's new bus station. Failure to let the block, which was undertaken by the borough council, is costing householders the equivalent of 1p rate in lost revenue.

The Development Corporation, which acts as letting agent for the local council, maintains that serious discussions are being held with a number of potential clients. One reason for the delay is that a single tenant is sought for accommodation which would be ideal for any major corporation re-locating from London. The fully air-conditioned premises, on offer at £3.25 a square foot, have pedestrian access to the bus station, adjoining shopping complex, and market square.

The interest being shown in Northampton's two showpiece office developments is a reflection of the gradual increase in inquiries shown in recent months. The office market, usually the last property sector to respond to an upturn in economic activity, has begun to move again. Not before time, some developers would say. Northampton, since the heady days that preceded the collapse of the property boom in 1973, has seen office rents languish.

In addition to the collapse of the property boom, two other factors have encouraged a re-examination of longer term prospects. In 1974 the decision was taken to abandon plans for "the expressway," a new central area distributor road which would have provided access for the planned level of developments. On present highway spending projections, the road network will only allow numbers employed in the town centre to rise to 40,000 from the current 26,000. The other important change is the Government cut in Northampton's planned growth from a 230,000 population in 1981 to 180,000 in 1991.

The dramatic change in the situation has confronted the town with difficult decisions. It must now find alternative uses for land originally designated for office development, and accept the fact that the financial returns to be expected have been cut severely.

In the short term, the local authority, can keep its options open and retain flexibility within its plans to allow for any unexpectedly high upturn in office development. Nobody believes that the boom conditions of the early 1970s will be repeated and the warning has already been given that many other provincial towns have the sites and facilities to meet such a demand should it arise.

Developments embarked upon in the early 1970s, for which rentals of around £3.50 per square foot were anticipated, seldom reached such levels. Wilson and Partners, one of the leading local agents for office accommodation, have just claimed what they believe to be the highest rental yet achieved —£3.50 exclusive for a small suite of 4,000 square feet. Prior to that, the company says central area accommodation was going for between £3 and £3.35 a square foot.

The flatness of rents over the past five years is a considerable disappointment to those who had recommended Northampton as one of the most important office centres outside London. The development plan for the central area, drawn up in 1971, contained lavish provision for office accommodation—and the timing was right. Northampton, just 60 miles to the north of London, was able to take advantage of the property boom and attract companies seeking new accommodation.

The rush of development activity saw complete office space in the town rise by 1.2m. square feet from 1970, to take the total to around 2.25m. But for the last three years new projects have remained still-born and the town has begun a fundamental reassessment of future office plans.

In setting new guidelines for office development, the council is aware that it is swapping horses in midstream and there is no likelihood of ever realising the aspirations raised in the 1971 plan. The local authority has already reduced the office job content in some planning applications, but much more radical long-term action is required.

Existing empty office blocks have space for 3,000 workers while sites with planning consent, but as yet unbuilt, would provide a further 3,600 jobs. One fear is that other potential office sites, if proceeded with, could create another wave of perhaps 6,500 clerical jobs.

The significance of such growth can be appreciated when it is realised that the Northamptonshire County Council structure plan, which comes up for examination in July, estimates that offices might account for only 5,000 of the 18,850 increase in jobs required by the town in the period up to 1991.

There is also a potential conflict between the interests of the borough, which is responsible for central area projects and the Development Corporation which has ambitious plans for "campus sites" on its out-of-town industrial estates. Some 83 acres have been allocated at Moulton Park for low density office development in a fairly rural setting. The Anglia building society has already re-located its headquarters to the Development Corporation land, and the Midland Bank has just announced plans to build a residential staff training college able to accommodate up to 250 people.

Using the density of the Anglia development, of 130 workers to the acre, the Moulton Park site could itself create around 10,800 white collar jobs —a matter which causes some concern to the local authority planners. However, the Development Corporation would counter that town centre offices must obviously take priority, but availability of campus accommodation might attract developments that would otherwise be lost to the area—the Midland Bank scheme is an obvious project not suited to a high density central site.

Emphasis

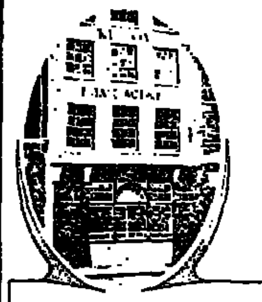
The emphasis which the original plan gave to office development raises the important question not only of whether such a concentration is practical but whether it is socially desirable. There must also be considerable doubt as to the capability of the town to provide clerical labour on the required scale.

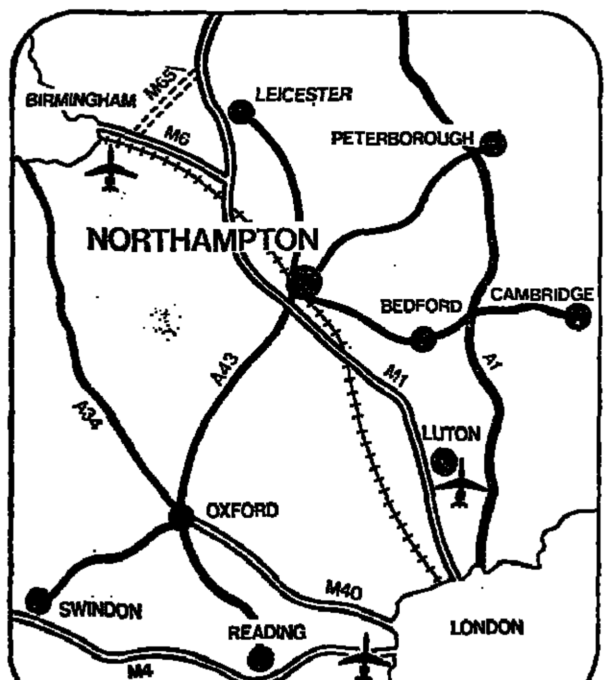
The response of the town council has been to allocate £50,000 to improve the worst areas of wasteland in the central area. While it considers alternative uses for the longer term office sites. There will obviously be an increased requirement for car parking as trade builds up. The potential for light industry and warehousing is considered limited. Companies have tended over recent years to move out and central sites are usually too fragmented to make industrial schemes fully viable.

The biggest lift for the Northampton office market would be to clinch a deal on Greyfriars House. A letting on that, or Belgrave House, would take a large part of the surplus capacity off the market in one swoop. The next major block is Anglia House, the 27,000 square feet of accommodation vacated by the building society when it moved to Moulton Park.

Some agents argue that a gap is already appearing in the 10,000 to 30,000 square feet range and that new development could now prove marginally profitable, even at building costs of between £20 and £25 a square foot. There is thought to be a demand for such medium-sized property, provided it has good parking facilities and is sufficiently self-contained to offer the tenant the opportunity to develop a corporate identity.

The first sign of any new start on office development would really set the seal on the revival in confidence albeit tentative, which agents are currently reporting.





Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SERVICE

Aid to the roofer

USING THE Hewlett Packard 97 programmable calculator, Automated Building Components (ABC) has developed a calculator programme, called the Autocut, to provide a speedier and more accurate way of estimating cutting details when designing timber roof trusses.

The programmes cover all the basic truss types and are recorded on individual magnetic cards filed in a plastic folder. They are available to licensed Gang-Nail fabricators, says the company, at a competitive price.

Said to reduce a job normally taking hours to a matter of minutes, the selected truss configuration is fed through the HP 97's reader mechanism and information is received regarding span, sizes of top and bottom chords, web sizes, overhang lengths and cantilever sizes.

More from ABC, The Trading Estate, Farnham, Surrey GU9 9PQ

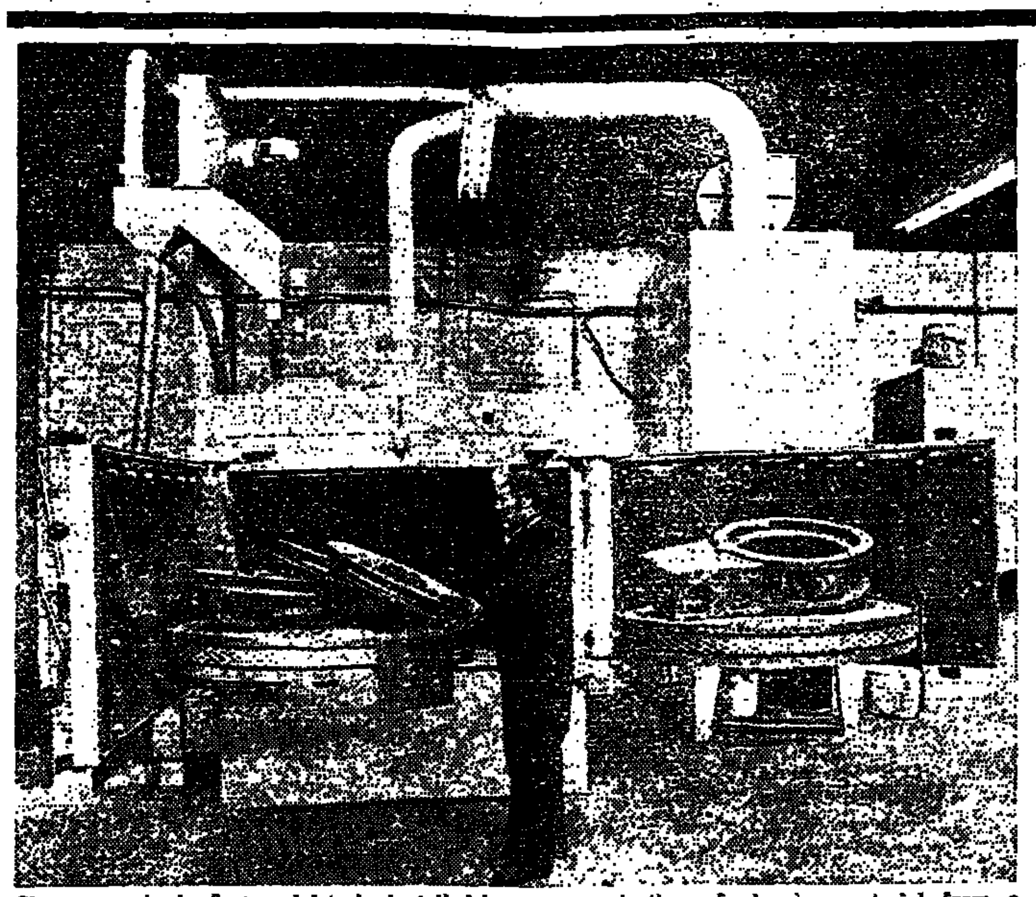
● PROCESSING

Shredder reclaims waste

FACTORIES and reclamation companies concerned with the reprocessing of waste plastic and similar materials have offered an increasing market for a British-made range of shredding machines, says the maker, Vanesco, 165 Garth Road, Morden, Surrey.

The machines were originally intended for shredding waste paper and cardboard but have proved to be extremely efficient for handling polythene sprayed materials, textile bonded materials, Vinolay, leather and foam. The latter materials are now quickly reduced to a finely shredded composition, easy to transport and ideal for reprocessing.

Two of the larger machines in the range are fitted with pinch rollers enabling bulkier materials to be squeezed directly into the high carbon steel cutter head. The standard machine, Wilki Mk. VI, has a 9-feet in-feed conveyor and a take-off conveyor of 3 feet which can be replaced with a take-off hopper for air-conveyor extraction applications.



Shown here is the first model to be installed in the U.K. of the Abragir 62 rotary table shot blast machine made by Sisson-Lehmann of France. It is set up at the Hamilton works of George Taylor and Co. and was provided through the exclusive U.K. agents P & S Shot Blast and Finishing Equipment of Park Royal, London. In this new equipment components are placed on a rotating table and cleaned by the projection of abrasive material from a turbine. Shot, sand and dust pass to a system which cleans and recycles the abrasive prior to further projection. Freedom from dust is one characteristic of the equipment and another is its high throughput which can include relatively fragile components. More from the U.K. supplier on 01-965 3344.

● METALWORKING

Fluidised bed idea licensed to U.S.

AN EXCLUSIVE licence is about to be signed between Procedyne, which has been building and selling electrically heated fluidised bed heat treatment furnaces in the U.S. for some 15 years' and Apollo Heat of the U.K. under which the latter's gas-heated fluidised bed technology, demonstrated in some nine plants to date, is to be exploited.

The company recently took part in a demonstration of its equipment comprising two plants in an automated line at the new premises set up by OTB Fluid Heat Treatment (Minium Tool), capable of carrying out treatments in the range 200 to 1050deg.C. with throughputs of 500/600 kg per hour. There is a cold-quench fluidised bed and ancillaries such as tempering furnaces, quench tanks and washing equipment.

Though the principle of fluidising is not new and the application of a fluidised bed with its rapid and even heating of materials placed in it to metal component treatment has been known for some time, Apollo has a number of significant world patents on its own method of achieving close control of bed temperatures. Apart from ensuring that the incoming gases are evenly and finely distributed, the techniques developed by Apollo ensure that major heat release in the bed does not take place close to the supporting tiles.

Extra combustion air or air/gas mixtures is injected at various bed heights to achieve controlled combustion and thus regulate bed temperature and bed gas composition.

Indeed, the precise control possible with the Apollo design is, in the opinion of the company's managing director, Mr. R. W. Reynoldson, the most important characteristic of the product. He told the Financial Times: "We can offer users whatever temperature they want in whatever gas they want."

With the operation at OTB Fluid Heat, the company expects many companies to become familiar with what its equipment can do. It also has installed plants in France and Sweden and has Swedish and Japanese licensees.

And as knowledge that the Apollo design is operating successfully and efficiently with low capital cost and particularly economical use of high cost energy, demand for the equipment will grow.

More from Apollo at 62 Folley Road, Ackleton, near Wolverhampton, West Midlands WV6 7JL. Ackleton 602.

● EXHIBITIONS

Discussion on electric vehicles

FOLLOWING A successful seminar earlier this year, the Electric Vehicle Association of Great Britain is planning to hold ten more during 1978 at provincial centres.

The association, in co-operation with the Electricity Council and the Area Electricity Boards, will present a second seminar on May 18 as a feature of the Materials Handling and Factory Equipment Exhibition, Belle Vue, Manchester (May 15-19).

Subjects include: the source of vehicle power, batteries, their use, care and development; the application and maintenance of electric control equipment; the electric road vehicle to-day and to-morrow, and the electric fork truck in warehousing, in production and in service industries.

Full details from E. V. A. Headquarters, 30 Millbank, London SW1P 4RD, or from the Institute of Material Handling's stand at the exhibition.

Embedding the sample

THE tedium of embedding/mounting metallic samples in an appropriate material before grinding and polishing for metallographic purposes is done away with in an automatic mounting press put on the market by Metallurgical Services Laboratories of Betchworth, Surrey.

All the operator has to do is load the machine with specimen and mounting material and pre-set the controls for the required heating and cooling periods.

The press can then be left alone to follow through the heating and cooling cycles and maintain a constant pressure throughout the period. A lamp and audible alarm signal the end of the process.

The pneumatic pressure system, which is electronically controlled, can apply a maximum force of 27N (2.8 tons) to the mounting cylinder, provided by feed from a normal laboratory airline at 5.5 bar (80 lb/sq. inch). No attention of any kind is needed during the mounting cycle.

More on 073784 2461).

● RESEARCH

Tapping an optic fibre

A POTENTIALLY significant research project is under way at University College, London, in which signals are being injected into pulsed optical fibres without breaking or physically interfering with them in any way.

In practice this might mean for example, that telephone calls or data streams could be "added" to a fibre link anywhere down its length for reception at the far end.

In the UCL work light from a gas laser is fed in at one end of the fibre and signals are coupled to it by attaching a small split-coaxial piezo-electric modulator to the outside plastic cladding of the fibre.

Input data signals are modulated on to different sub-carrier frequencies and fed to these transducers which produce acoustic signals within the glass, in turn causing phase modulation of the optical signals. The technique will work with either single or multi-mode fibre.

The input transducers have been made with a "clothes peg" construction and can simply be clipped on where needed. No insertion loss is produced in the fibre.

The work, which is supported by the Science Research Council and the Ministry of Defence, has reached the point where a colour television channel and a separate audio channel have been successfully injected into a fibre and retrieved at the far end.

The technique works only in one direction—there is no question of the signals being extracted from fibre in this way.

More from Professor D. E. N. Davies, Department of Electrical and Electronic Engineering, University College, London WC1E 7JE (01-387 7050).

Cleans up small parts

SMALL PARTS in the machine shop and metalworking industries can now receive high precision cutting, deburring, cleaning and polishing with an brasive blasting tool from Epak Electronics, Pool House, Bancroft Road, Reigate, Surrey (073 72 49268).

Known as the Micro Blaster, the tool is said to operate at higher speeds and with greater reliability and less wear than comparable models. It produces a precisely controlled, high-speed stream of abrasive particles which are directed through the pencil-type hand piece on to areas as small as 0.01 inches diameter. A variety of effects can result depending on the cutting pressure, type of abrasive material and size of nozzle orifice used.

The powerful flow of abrasive powder from the patented modulator is said to remove burrs from small parts such as screws and valves; intersecting holes or blind orifices can be cleaned without affecting the outside edges and burrs can be removed from threads with no change in pitch diameter. In assembly work, small amounts of stock can be dislodged to improve fittings.

Another application is for engraving nameplates and dials, either freehand or using a stencil.

● SECURITY

Swallows secrets

RISK OF information leakage, from discarded documents, is eliminated if a high capacity shredder purpose-designed for devouring bulk computer printout is used, says Ofrex, introducing its Computershred 1600.

The machine has a 16 inches wide throat and will accept large size computer printout without having to fold or feed through a special funnel. It is capable of taking 30 sheets of 8½ inch wide printout and 25 sheets of large size, 14½ inch, wide printout at one pass, and copes with 110 feet per minute, ensuring rapid destruction of long computer runs with printout being shredded into ¼ inch wide strips.

Further from Ofrex House, Stephen Street, London W1A 1EA (01-636 3686).

● DATA PROCESSING

Improves IBM 34 storage

AN ALMOST five-fold increase in maximum disc capacity and a diskette magazine facility for the System/34 computer have been announced by the General Systems Division of IBM United Kingdom. This means the computers can have either 63.9 or 128.4 Megabytes of storage, compared with the previous maximum of 27.1 Megabytes. The new diskette magazine drive is supported as a sequential save/restore device. Both are offered with all System/34 main storage configurations.

Average access time for each spindle, based on all possible disc accesses, is 27 milliseconds, or 13 milliseconds faster than previously announced 27Mb models. The maximum data transfer rate on the new model is 1.031 million bytes per second, compared with 889,000 previously.

The new diskette facility has five slots, two of which hold magazines and three accommodate individual diskettes. Magazines are containers that can hold up to ten diskettes. Typically, processing begins with the first diskette in magazine No. 1 and can automatically proceed, diskette by diskette, through each magazine. This provides up to 24 Megabytes of on-line data. Apart from affording a very flexible on-line storage facility it also allows a 125 kilobyte transfer rate load dump device which for example, can back up an entire 27 Megabyte system in 15 minutes.

More from IBM on 01-935 6600.

Motorola on micros

AT A forthcoming conference in London on microprocessors to be organised by Motorola the company is expected to make announcements about several new devices.

Probably the most important will be the 6801, a single chip device with 2k bytes of read-only memory. Instruction set will be compatible with the present 6800, but there will be more instructions and they will be carried out more quickly—a 25 per cent. saving in execution time is expected.

Other devices likely to be unveiled are a true 16-bit processor at present rather mysteriously referred to as "Max" and also the 6805, which is another single chip system which, although it will have a smaller instruction set than the 6800, is expected to be "very cheap."

The seminar, to be called Mircoforum, will take place at the Institution of Electrical Engineers on June 19 and will include a presentation by Colin Crook, an Englishman who is now Director of Operations for micros at Motorola in the U.S.

● INSTRUMENTS

Digits show cable fault

An intrinsic difficulty with many of the cable fault locators on the market that make use of pulse reflection techniques is that the oscilloscope traces they produce require a certain amount of interpretation and skill in accurately determining the distance to the fault.

Cossor Electronics, which developed one of the first transistorised equipments in the 1960's under a Royal Navy contract, has refined the technique by removing the oscilloscope display altogether.

Instead, the instrument has a digital display which ensures an accuracy of one per cent. compared with three to five per cent. previously. It can be set to make measurements on any cable type by simple selection on a thumbwheel switch.

The increased accuracy of the instrument can save time and money, because ever-increasing labour and materials costs make errors of a few feet expensive when locating buried cable faults.

Weighing less than 10 kg. the unit will operate from the mains, internal re-chargeable battery or from an external DC supply.

More from the company at The Pinnacles, Harlow, Essex CM19 5S8 (0279 26862).

Two tape drives

LATEST introductions of magnetic tape systems from Data General operate at 800 bytes/inch (model 6027) or 800 and 1600 bpi (model 6026).

Both models employ vacuum column design and process the tape at 75 inches/sec; transfer rates are 120k bytes/sec at 1600 bpi and 60k bytes/sec at 800 bpi.

The controller, which is microprocessor-based, can support up to eight of the nine-track transports, and either of the two types can be added and freely intermixed.

More on 01-578 9231.

● MACHINE TOOLS

Sharpening hand tools

AN IMPROVED VERSION of their grinder / polisher — the grinder is intended for sharpening and dressing a wide range of hand tools whilst buffing and finishing of many items is undertaken on the polishing machine—comes from Denford Machine Tools, Birds Royd, Brighouse, Yorks HD6 1NB (0484 712664).

Safety features of the new machine include adjustable tool rests, enclosed guards, no-volt overload fail safe release switch, push button control, and micro switches fitted to inspection doors. Provision is made for fitting a Denford Exodus 30 dust extractor; and extras are single or dual foot control power stops, armourglass eyeshields and lo-vo light units.

Pedestal and cabinet models, fitted with either 8 or 10 inch diameter wheels, are available. Operating at 2,800 rpm, the machine is powered by a 0.6KW, three or single motor, and housed in either a pedestal or cabinet.

The Management Page

EDITED BY CHRISTOPHER LORENZ

Professor Edward Stamp

Accounting is often referred to as the international business language, writes MICHAEL LAFFERTY. Yet there is no international rule book and in many cases not even national yardsticks exist to guide companies or users of transnational accounting information.

The United Nations Commission on Transnational Corporations came up against this problem when it tried to study the activities of multinational companies a few years ago. So it appointed a group of international experts to look into the matter. The experts reported at the end of last year, proposing that the United Nations should issue a set of minimum disclosure guidelines for multinationals.

Next week the UN Commission on Transnational Corporations meets in Vienna to discuss, and possibly adopt, the experts' report. It will also have before it a lengthy submission from the International Chamber of Commerce, co-ordinating the multinational companies' views, which opposes the experts' proposals.

In this article Professor Edward Stamp argues that multinational companies are misguided in their opposition to the UN proposals. In particular he takes issue with the views of Sir Henry Benson.

Sir Henry Benson

Why opposition to the UN's disclosure plans is misguided

BY EDWARD STAMP

THE United Nations Commission on Transnational Corporations is meeting next week to consider the report from the UN Group of Experts on "International standards of accounting and reporting for transnational corporations."

The group of experts' proposals have already aroused *considerable controversy*, and executives of many transnational corporations have expressed opposition to them. The International Chamber of Commerce and the International Organisation of Employers are apparently preparing to resist the UN proposals, and many of the objections to the UN Report were brought into focus by Sir Henry Benson in an article he wrote for the *Financial Times* on March 22.

Doctrinaire

Sir Henry argued that the UN proposals go too far, that they are doctrinaire and take no account of realities, that they are likely to be used as a political weapon by Communist republics, that the costs are likely to exceed the benefits, and that the requirements for non-financial disclosure are especially formidable. Sir Henry thinks the scale and scope of the disclosure requirements are over-ambitious and are likely to be discriminatory, and he questions whether the UN ought to be involved in accounting developments. He suggests that on the contrary it would be better to leave it to the International Accounting Standards Committee to reach agreement on measurement standards before developing extensive new disclosure requirements.

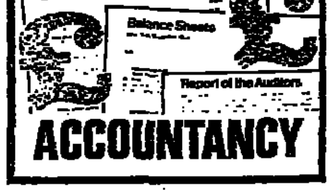
Sir Henry Benson's views deserve the most serious consideration. I know of no one who has made a more important contribution to the development of international accounting standards than he has, and in fact it was under his formidable leadership that the International Accounting Standards Committee was formed and got off to such a successful start.

But I believe that Sir Henry's concern is misplaced. The UN proposals are by no means as radical as he fears, and it is notable that his successor as chairman of the IASC (Joseph P. Cummings of New York) was a vice-chairman of the group of experts that produced the UN proposals.

It is of course perfectly reasonable to argue that radical proposals carry with them the danger of creating too much resistance, so that desirable progress will be slowed down.

However, as I shall explain shortly, I do not believe that the UN proposals are radical. Moreover, multinational corporations in the rich developed countries must consider the potentially damaging effect of their opposition on the attitudes of moderate leaders in Third World countries. The UN proposals were drawn up by a group that included men like Mr. Cummings (chairman of the IASC, and deputy senior partner of Peat, Marwick, Mitchell in the U.S.), Mr. Gyllenhammar (president of Volvo), Herr Havermann (a leading German accountant), and Mr. Pieter Louwers (chief internal auditor of the Philips Group in the Netherlands).

Third World leaders like President Nyerere of Tanzania (a man with immense influence in the Commonwealth as well as in the underdeveloped world) are not likely to be impressed if proposals emanating from such a distinguished group of experts are dismissed by multinationals as "doctrinaire," "impractical," or in Sir Henry Benson's words, "vague, useless, or positively misleading."



Sir Henry reserves his last phrase for the UN proposals on non-financial disclosure. Yet these are modest and tentative, and in fact fall far short of recent British proposals, let alone current practice in the U.S.

Thus, The Corporate Report, issued nearly three years ago by the Accounting Standards Committee and largely endorsed by the Department of Trade, *contains four pages of suggested* contents of an employment report that are considerably in advance of the UN proposals. And The Corporate Report proposals are certainly practical: they were drawn up by the finance directors of two very large British manufacturing corporations.

Similarly, if one looks at the remaining UN recommendations in the areas of non-financial disclosure, they consist of modest proposals for information regarding production, investment programmes, organisational structure, and environmental measures. It will be easy for multinationals to provide this information, and none of it is likely to be damaging.

For example, the UN proposal for the disclosure of information on environmental measures is only one sentence long: "Description of types of major or special environmental measures carried out; together with cost data, where available."

Compare this with the enormous amount of information that is now being disclosed by major American corporations. A recent survey of the 1976 annual reports of the 500 biggest U.S. corporations showed that a substantial number include "social responsibility disclosures." This information deals with such matters as pollution control; protection and conservation of the environment; energy conservation; fair business practices; employment of minorities, women and other special interest groups; employee health, safety and training; community involvement; product safety, etc., etc.

In view of all of this it is difficult to argue that similar information cannot or should not be given about multinational operations in Third World countries. The fear that the information so disclosed might be used to political advantage against the multinationals really does not stand up to close examination. It seems to me highly improbable that there is anyone in the Third World who could deploy such information any more effectively than, say, Anthony Wedgwood Benn or Ralph Nader.

Moreover, multinationals which have established themselves in Left-wing underdeveloped countries did so with their eyes wide open. The governments of such countries are quite capable of demanding whatever information they wish without any help from the United Nations. And if they need accounting expertise in developing their shopping lists of information requirements there are plenty of public accountants available who would be willing to sell it to them.

One wonders, in fact, how serious this problem really is, in practical terms. It would be a sorry reflection on the management of multinationals if these modest UN proposals really do represent a threat to their operations in underdeveloped countries.

One element in the resistance to the UN proposals is undoubtedly the instinctive tendency towards secretiveness in the British establishment. The thalidomide affair, the Crossman diaries, D Notices, and Colonel B. are all examples of the sort of thing I mean. Businessmen have much the same sort of tendencies as Whitehall mandarins, and in the field of accounting disclosures this leaves considerable scope for improvement.

Indeed, one can argue that without some kind of government intervention many of the disclosures now being made by British companies would still be waiting to be introduced. Thus the 1967 Companies Act required the disclosure of sales turnover. Until that time many companies did not provide this figure. Since 1967 disclosure of sales turnover has become virtually universal, because it is mandatory. There is no doubt that the provision of this information is useful, yet it is unlikely that it would be generally available without this mandatory requirement.

Indeed, one still looks in vain at most British company reports for information about the company's cost of sales and gross profit margin. This information is generally not given, and the reason is very simple; it is not mandatory to give it. By contrast, in the U.S. and Canada where the provision of such information is required one finds that virtually all companies produce it, to the considerable advantage of readers of company reports in those two countries.

One result of this is that British companies like ICI that are required to file reports with the SEC in the U.S. disclose their cost of sales and gross margin figures in the American reports, even though they do not yet give this information to readers of their British reports.

It is noteworthy that neither the Accounting Standards Committee nor the Stock Exchange has done anything to improve this situation, and auditor pressure (if it exists) has been equally ineffectual.

It is very easy to dismiss calls for stricter disclosure requirements by arguing that the costs will be heavy and the benefits small. Yet if one reads through the UN proposals it is difficult to believe that any multinational company, aided by its computers and its excellent financial control system, would have any real difficulty in meeting the UN requirements. It is much more difficult to place a value on the benefits, just as it is difficult to measure the benefits obtained from such things as police forces, libraries, and gardens. Or, indeed, the benefits from the disclosure by British companies of their sales turnover, and by American companies of much additional information besides. There is no way in which costs and benefits can be numerically matched in such areas of decision making, but to suggest that any changes should wait until such measurements do become available *would be to put off reform* until the Greek Kalends.

The intervention of the United Nations in these matters has been questioned, along with the suggestion that a proliferation of proposals for reform is merely confusing. Yet it seems *to me that* if the OECD and the EEC are entitled to produce proposals or to introduce requirements then the UN also has a perfect right to take some action. In fact it could be argued that the UN is the natural co-ordinating body, since its constituency is worldwide, whereas that of the EEC covers only rich countries in continental Europe.

Inadequate

In my view the OECD pro*posals are inadequate*, and those from the EEC are taking an unconscionably long time to come to fruition. By contrast the UN has provided us with much food for thought and it has done so with an admirable sense of urgency. I agree with Sir Henry Benson that the IASC has a crucial role to play in future developments. So also does the United Nations, as its Secretary-General has recognised. They should try to work together in a fruitful partnership.

Britain has a part to play in all this, as a founder member of both the UN and the IASC. There are many people all over the Third World who look to Britain for inspiration and leadership. I hope that in this new debate initiated by the United Nations British accountants will not be seen to let them down.

Edward Stamp FCA (Canada) is J. Arthur Rank Research Professor and Director of the International Centre for Research in Accounting at the University of Lancaster. Previously he was Professor of Accounting at Edinburgh University, and has also been a partner in one of North America's largest accounting firms.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Insurance Commission

On retirement I kept one insurance agency which has since been used only for my own car and house policies. In each case the premiums are paid net of commission, a total saving of just over £50 a year, and the Tax Inspector insists on raising an assessment on this sum. Is this right?

Your tax inspector has apparently overlooked (or misread) the judgments in Way v. Underdown (H.M. Inspector of Taxes) (No. 2) (49TC236).

In the light of that case, and after discussion with the Inland Revenue, the Consultative Committee of Accountancy Bodies issued a note on the tax position of agents and policyholders in April of last year. You should still be able to obtain a copy, by sending a stamped addressed envelope to the Publications Department, P.O. Box 433, Chartered Accountants' Hall, Moorgate Place, London, EC2P 2BJ; ask for leaflet TR224 (Tax Liability on Insurance Commissions).

Your situation seems to fall squarely within the exemptions, and you should have little difficulty in getting the £50 assessment cancelled, when the inspector realises his oversight. *Meanwhile, you may find reassurance* in these extracts from the CCAB leaflet:

"1. *Commissions received by an agent on his own insurance.* An individual . . . taxpayer who is entitled, as agent of an insurance company, to commissions on premiums on policies effected on his own account is not liable to tax on them as income in his hands. . . .

"2. *Commissions received by a policyholder instead of an agent.* If a policyholder who is not the insurance company's agent in relation to the policy pays directly to the company a net premium (after deducting the commission) in respect of the insurance, the agent is not liable to tax on the commission which he has not received. . . ."

Change of revenue practice

Each year for taxation purposes the computation of rents and expenses of flatlets I let have shown a deduction of 10 per cent. wear and tear allowance calculated on the gross rental income. This year, the first time for over 20 years, the tax inspector has disallowed it, and wrote "I would advise you that the 10 per cent. wear and tear allowance should be calculated on 10 per cent. of the net rents, not the gross." Has some new law been passed on this matter?

There is no specific legislation on this point, and it is hard to foresee what attitude the Courts might take if a case went to appeal.

However, although the current policy of the Board of Inland Revenue is to restrict the nominal wear-and-tear allowance to 10 per cent. of the net rent (exclusive of rates), we know that this new policy has been modified to allow existing agreed bases of computation to continue in appropriate cases. You should at once point out (tactfully) to the inspector that it is not the Board's intention that longstanding agreements between Revenue and taxpayer be unilaterally repudiated, and that yours is a case where the established basis of computation should continue undisturbed.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

A triple A for Britain

BY DAVID LASCELLES in New York

WHEN Mr. Denis Healey announced in his Budget that Britain was going to issue $350m. worth of bonds on the New York capital market, it came to most people as something of a surprise. It had never been done before and the New York market can be a difficult place for first-timers. But now that the bonds have been sold and all the documents signed, it is evident that quite apart from the money the British Treasury raised, the issue has done Britain some good [illegible].

For a start, the issue was so big (the largest of its kind the market had seen) that it brought Britain firmly to the notice of a community not noted for its sense of geography or grasp of world affairs. The prospectus for the bonds began: "The United Kingdom, covering an area of approximately 94,000 square miles, comprises the main island of Great Britain, with its numerous smaller off-shore islands," just in case people had forgotten.

Prospectus

More important than that, it focused attention on the fact that Britain's economic situation has improved somewhat from the days, three years ago, when the U.S. Press wrote it off as a dead [illegible].

Naturally, the prospectus had good things to say about Britain. But the theme was taken up by outside observers too. In giving the U.K. bonds a triple A rating, the best possible, one of New York's main bond rating agencies, Moody's, had this to say: "The traditional stability afforded by the strong political and social institutions of the United Kingdom has recently been enhanced by a return of confidence, partly induced by [illegible] management. From a low point brought on by the energy crisis, after a long adjustment process following World War II, the United Kingdom in recent months has emerged from a destructive inflation by restraint, is on the verge of energy self-sufficiency and looks to further economic improvement with realistic plans." There followed tables with such headings as "Conditions improve in Great Britain" and "Strengthened international position."

This may strike British readers as portraying a somewhat better Britain than the one they know. But it made a good story. The people who buy bonds in the U.S.—and they live on the plains of Iowa as well as in New York—like to feel they are on to something new. And here was Britain, coming to the market for the first time, with, as one investment banker put it, "an economic turnaround that could be talked about."

It was fortunate that the documentation put out by the prospectus and by Moody's stopped short at the end of 1977, while sterling was still strengthening, and before the recent more disappointing trend in the balance of payments. But the fact was that the Bank of England's "road show"—the word used to describe a tour undertaken by a bond issuer to drum up interest—achieved what it set out to do. When the bonds were offered for sale (to take advantage of fast changing conditions the timing was shrewdly altered by Morgan Stanley, the Investment bankers who led the issue), they carried one of the lowest spreads yet seen on foreign sovereign bonds and they held their price in subsequent trading.

Not everyone was prepared to say that this happened because Britain was a better bet than before. (It was widely rumoured here a couple of years ago that the British Treasury decided against issuing bonds on learning that it would not get a Triple A rating.) Some observers noted that the traditional links between the U.S. and Britain helped, as well as the fact that the issue gave investors a chance to diversify into securities offered by a brand new borrower. Spreads were tending to decline in any case. One banker commented: "It sold because of its price, nothing else." And it remains true that in political terms, at least, Britain's standing is far from strong.

But in the present atmosphere of anxiety about the U.S. it has become fashionable to point to successes overseas. While Britain's turnaround may not be as solid as Moody's suggests, it has made an impression here.

Oil riches

The optimism about the U.K. expressed by Mr. Walter Wriston, head of Citicorp, in his testimony to the Congressional joint committee (discussed in this column last month by Peter Riddell) is just one instance of this.

Down in Wall Street bankers report a general renewal of interest in Britain. Apart from the success of the bond sale there is a growth of U.S. portfolio investment in Britain. Perhaps the greatest accolade of all, Britons have even been listed among the rich foreigners snapping up U.S. real estate with their new-found wealth—rather like the Arabs in London.

Searching out some colourful survivors

GARDENS TO-DAY

BY ROBIN LANE FOX

SEEDSMEN nowadays sell Snapdragons with flowers like Hyacinths, Sweet Peas which are neither sweet nor fit for Pea-sticks and Nasturtiums which are too compact to trail. Have we lost anything better while they pursue these new varieties? Sometimes, plainly, we have not. Much praise is given now to the really old Roses, yet the best still seem to me to be the hybrid shrubs which were raised this century. Soon, we may have proof. Perhaps the most remarkable private collection of old and forgotten roses passed last year on its owner's death to a top Midlands rose-breeder.

Sighs

He will be choosing the best from the hundred or so old types and will offer them again in a year or two to gardeners. So far, reports are that the romance was greater than the merit. Many have sighed for the "true" old Tea roses, hating the new Cracker-bunda hybrids. Many turn out, in these last survivors, to be tender, spindly and stale news. On the whole, we are better served than our grandfathers, having saved their best and added to them.

Not so with the primrose and its cousins. Looking back at the first commercial seed-list for the public, issued in 1730, I find that it offered no less than 25 sorts of *Auricula*. In the Georgians' balance of trade, auriculas were a British export to Europe. They became unionized, one might say, in the mid-nineteenth century, but they cannot be held to have suffered. In the age of Engels, they were the working man's flower. The show-reports of Lancashire groers' clubs are a remarkable tribute to the textile-workers' skills in varying these tantalizing plants. The *Auricula* asks to be cross-bred, striped, defined, toned up or down and matched in contrasting colours. It responds to a careful choice of hybrids: the dream, in the 1870's was an *Auricula* lined with a thin dark ray on each petal against a light background, nowwhere smudged or poorly defined. Leisure was scarce for many in Lancashire, but their auriculas remained the envy of Europe. I have the fine comment of a German outsider, contrasting the grime of the northern chimneys and sweat of the English Victorian looms with the one small, concentrated patch of light, left in the English workers' home lives, (he believed) by the smallest of garden flowers. *Auriculas*, maybe, will be offered in lieu of wages by the time we reach Phase Six.

Where can you find them now? Through clubs, still, for they have not followed the textile-trade to the Far East. But the numbers in the catalogue have fallen away: you are offered Mixed Hybrids and left to your own devices.

Be warned that Alpine Hybrids are a single colour, Florists' Hybrids, the better double colours. I have had some fine nameless varieties from the lists of the Waterperry Horticultural Centre, Wheatley, Oxford who are heirs to the lifetime's stock of a prize Auricula breeder, recently bequeathed on his death. But even the fine old Blairside Yellow has been disappearing from the nurseries. Buy it whenever you can, for it is a superb clear yellow flower, still as good and easy as any in the three inch class.

Fortunately, *Auriculas* will come up quite easily from seed. There are no tricks, but the plants are far happier in a cool place and respond, with me, to fortnightly watering with liquid manure from April through to August. They hated the drought, but may have been saved by stones round their roots: it is a good plan to put a few in pots, especially if you grow the less hardy Florist sorts. A very wet winter may upset those with the best mealy-grey leaves, but you can keep them safely in the greenhouse which you have given up heating. At close quarters the flowers are more enjoyable. The smaller ones are not spoiled by mud.

In the same class, but hardly less elusive, are the old double primroses and the many named single varieties, quietly going off the market. Barnhaven, Brigsteer, Kendal, Westmoreland supplied me three years or so back with some which I had long believed to be lost and with seed, too, of their exceptional "Silver Dollar" strain of *Polyanthus*, particularly rich in the dark chocolate and crimson shades. None of the doubles is easily kept for long, so you must divide your plants as soon as they have flowered. Grow on the new pieces in the cool and damp sites which they prefer. They are not too easy. Marie Crousse is often to be met and still a very good double with which to begin. I prefer it to the similar Bon Accord Gem, because the double dark flowers have a slight silvery-white edging. Far the most noble is the glorious Madame Pompadour, exceptionally full and deep if you can possibly find her. A buy at any price, as is the splendid old Barrowby Gem, a clear canary-yellow, single but upright and remarkably early into flower. Beware of the birds which are drawn to this colour, so have the black cotton to hand. It was still on offer this last year in the outstandingly well-presented list of C. G. Hollett, Greenbank Nursery, Sedbergh, Cumbria, who lists over 50 varieties of *Primula*.

To grow good primroses, you need shade, damp and the stubborness of a born collector. But I am still surprised every spring by the beauty of the commonest of all, the mauve-*purple* single Wanda, twice as fine a flower if you keep it out of direct sunlight and use it in clumps along the edges of dark borders. For the scent, which it lacks, Ingwerens of East Grinstead, Sussex, will still sell you the true Oxlip Primula Elator, whose yellow flowers hang in odd one-sided bunches. If you find a green-flowered Primrose, do not hesitate to pay up for it.

The loss

Even the good double white is now very scarce, while hose-in-hose varieties are mostly in private hands. Yet no foreign growers have taken over the running. We have gained, maybe, with out modern roses, but in the loss of the best garden Primulas we have turned our backs on a famous old export and cut ourselves off from the most alluring early spring flowers.

Be Sweet's class should see her through in small field

RACING

BY DOMINIC WIGAN

BE SWEET, on whom Pat Eddery earned a four-day suspension for careless riding when forcing his way through to win the Princess Elizabeth Stakes at Epsom a fortnight ago, looks all set to gain deserved compensation in this afternoon's Cheshire Oaks.

The Seven Barrows filly, who won strictly on merit when getting home by 1½ lengths from Varishkina in that mile and 110 yards race has only three—Lake Naivasha, Langness and Princess Eboli—to beat to-day. for five, including the Princess Elizabeth runner-up, were withdrawn at the final declaration stage.

Be Sweet, neck runner-up to Cherry Hinton in York's Tadcaster Stakes last September, will not have matters all her own way with Lake Naivasha, a seven length Sandown winner, in opposition. However, her undoubted class should see her through on to-day's terms which have her meeting that Sandown scorer on level terms.

In to-day's other big race, the Ladbroke Chester Cup, I find it difficult to choose between the two top weights, Sea Pigeon and Assured both previous winners here.

Sea Pigeon, the comfortable conqueror of Ribarbaro in the corresponding event a year ago, is certain to go close, but I doubt if he has quite the class necessary to give 4 lbs to the SKF Cesarewitch winner, Assured, a short head winner from Palmerston in Kempton's Campbell-Gray supported Queen's Prize last time out.

In the one two-year-old event on the card, the Red Dragon Stakes, it will probably pay backers to row in with the twice-raced Joleg. This stable mate to Hawaiian Sound, a slight disappointment in the Vase yesterday, nearly got up to beat Friendly Neighbour at Sandown last time out and any improvement on that running will probably see him home.

Next Wednesday's £16,000 Mecca-supported Dante Stakes on the Knavesmire looks like being the season's most informative Derby trial. For in addition to Leonardo da Vinci (the new favourite for the Derby), Remainderman, Shirley Heights, Julio Mariner, Sexton Blake, Tight Ship and Lenygon will all be in the line-up.

An unexpected runner for that other important Epsom test, Saturday's Lingfield Derby Trial, is Whitstead. Captain Ryan Price's lightly made chesnut, whose sire, Morston, won the same race in 1973 before triumphing at Epsom, has been re-routed to the Surrey course instead of taking in Chester after a minor training setback.

CHESTER

2.15—Joleg***
2.45—Manhunter
3.20—Assured**
3.50—Be Sweet*
4.20—Araphos
4.50—Royal Emblem

TV/Radio

black and white
† indicates programmes in

BBC 1

6.40-7.20 a.m. Open University. 9.38 For Schools, Colleges. 10.45 You And Me. 11.00 For Schools, Colleges. 12.45 p.m. Mid-day News. 1.00 Pebble Mill. 1.45 Bagpuss. 2.01 For Schools, Colleges. 3.10 Racing from Chester. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Bailey's Comets. 4.40 The Canal Children. 5.05 John Craven's Newsround. 5.10 Think of a Number.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 The Wednesday Film: "The Ballad of Josie," starring Doris Day.
8.30 The Liver Birds.
9.00 News.
9.25 The Dick Emery Show.
10.00 Sportsnight.
10.50 To-night.
11.30 Parents and School.
11.55 Weather. Regional News.

All Regions as BBC-1 except at the following times:—

Wales—5.10-5.40 p.m. Bilidowcar. 5.55-6.20 Wales To-day. 6.50 Heddiw. 7.10 The Rockford Files. 8.00-8.30 In Our Nature. 11.55 News. Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 11.30 History Is My Witness. 12.00 News. Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 9.25-10.00 Spotlight. 11.55 News, Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 a.m. Open University.
10.35 Gharbar.
11.00 Play School.
2.00 p.m. Racing from Chester.
4.55 Open University.
7.00 News on 2 Headlines.
7.05 Mr. Smith's Flower Garden.
7.30 Newsday.
8.15 Bioscope Days.
8.35 Landscapes of England.
9.00 Call My Bluff.
9.30 Play of the Week, "The Winslow Boy."
11.25 Late News.
11.30 Arena: Theatre.
12.05 a.m. Closedown: Reading.

LONDON

9.30 Schools Programmes. 12.00 Here Comes Mumfie. 12.10 p.m. Daisy, Daisy. 12.30 Sounds of Britain. 1.00 News and FT index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 General Hospital. 3.20 The Rolf Harris Show. 3.50 The Electric Theatre Show. 4.20 How. 4.45 A Bunch of Fives. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.30 Coronation Street.
7.00 European Champions Cup Final.
9.15 George and Mildred.
9.45 News.
10.15 Club Mirror Acts of the Year Awards.
11.15 Cinderella from the Sea.
11.45 Night Gallery.
12.15 a.m. Close: Jo Maxwell Muller reads poetry by Laurie Lee.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 3.20 The Andy Williams Show. 5.15 Mr. and Mrs. 6.00 About Anglia. 10.15 The Discretion of Dominick Ayres. 11.45 Music in Camera. 12.15 a.m. The Big Question.

ATV

1.20 p.m. ATV Newsdesk. 3.20 Beryl's Lot. 3.50 The Sullivans. 5.15 Mr. and Mrs. 6.00 ATV Today. 10.15 Ladies Night. 11.00 Cinderella of the Sea. 11.30 Drive-In.

BORDER

†1.20 p.m. Border News. 2.00 Houseparty. 3.20 Survival. 5.15 Mr. and Mrs. 6.00 Lookaround Wednesday. 10.15 The Discretion of Dominick Ayres. 11.45 The Odd Couple. †12.15 a.m. Border News.

CHANNEL

1.18 p.m. Channel News. 3.25 Friends of Man. 6.00 Channel News. 6.10 The Amazing Chan. 10.13 Channel Late News. 10.17 The Sweeney. 11.45 Westside Medical. 12.40 a.m. News and weather in French followed by Epilogue.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News. 3.20 Paint Along with Nancy. 3.50 Survival. 6.00 Grampian Today. 6.25 Police Newsroom. 10.15 The Discretion of Dominic Ayres. 11.45 Reflections. 11.50 Grampian Headlines.

GRANADA

1.20 p.m. This Is Your Right. 3.20 Untamed World. 3.50 The Jetsons. 5.10 Mr. and Mrs. 6.00 Granada Reports. 10.15 Gibbsville. 11.45 Police Surgeon. 12.10 a.m. Oscar Peterson Presents.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 3.20 Survival. 5.15 Havoc. 6.00 Report West. 6.15 Report Wales. 10.15 The Discretion of Dominick Ayres. 11.15 Man and Woman. 11.45 The Practice. 12.15 a.m. Weather.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.40-4.45 Un Tro. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.00-6.30 Report West.

SCOTTISH

1.25 p.m. News and road report. 2.00 Women Only. 3.20 Paint Along with Nancy. 3.50 Mr. and Mrs. 5.20 Wilkie on Water. 6.00 Scotland Today. 10.15 The Discretion of Dominic Ayres. 11.10 Late Call. 11.50 Pro-Celebrity Snooker.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 2.25 Cricket. 5.15 Betty Boop. 5.20 Day by Day. 6.00 Day by Day. 11.15 Southern News Extra. 11.25 The Butlin's Grand Masters Darts Championships. 11.55 Talk of the Devil. 12.25 a.m. Weather forecast followed by The Rock of Doubt.

TYNE TEES

9.25 a.m. The Good Word followed by North East News. 1.20 p.m. North East News. 2.00 Women Only. 3.20 The Odd Couple. 5.15 Happy Days. 6.00 Northern Life. 10.15 The Sweeney. 11.15 Landscape. 11.45 Journal. 12.00 Epilogue.

ULSTER

1.20 p.m. Lunchtime. 3.20 Out of Town. 4.18 Ulster News Headlines. 5.15 Solo One. 6.00 Reports. 10.15 The Sweeney. 11.45 Horses in our Blood. 12.10 a.m. Bedtime.

WESTWARD

1.20 p.m. Westward News. 3.25 Friends of Man. 6.00 Westward Diary. 10.13 Westward Late News. 10.15 The Sweeney. 11.13 Westward Late News. 11.45 Westside Medical. 12.40 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 3.20 The Life and Times of Lady Docker. 4.05 Cartoon Time. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 10.15 The Discretion of Dominick Ayres. 11.45 Darts.

RADIO 1 247m

(S) Stereophonic broadcast

5.00 a.m. As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 Newsbeat. 2.00 p.m. Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.00 Girl Talk. 7.30 Listen to the Band (S) (as VHF). 10.02 John Peel (S). 12.00-2.02 a.m. As Radio 2.

VHF Radios 1 and 2—5.00 a.m. With Radio 2, including 1.55 p.m. Good Listening. 7.02 Sing Something Simple (S). 7.30 Listen to the Band (S). 8.15 Semprini Serenade (S). 9.02 Irving Berlin (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-2.02 a.m. With Radio 2.

RADIO 2 1,500m and VHF

5.00 a.m. News. 5.02 Ray Moore with The Early Show (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin, 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk and Racing from Chester. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 European Cup Special including 7.30 Sports Desk. 9.30 Irving Berlin (S) (from VHF). 9.55 Sports Desk. 10.02 I'm Sorry I'll Read That Again. 10.30 Hubert Gregg. 11.02 Tennis: WCT Singles Final. 11.03 Brian Matthew introduces Round Midnight, including 12.00 News. Tennis: Further report. 2.00-2.02 a.m. News.

RADIO 3 464m, Stereo & VHF

†Medium Wave only

†6.55 a.m. Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (S), part 2. 9.00 News. 9.05 This Week's Composer: Purcell (S). 9.55 Music for Organ (S). 10.40 Cello and Piano Recital: Boccherini, Schumann, Kodaly (S). 11.40 BBC Scottish Symphony Orchestra: Prokofiev, Schoeck, Beethoven (S). 1.00 p.m. News. 1.05 Concert Hall Chamber music: Janacek, Ravel (S). 2.05 The Exotic Sound of . . . (S). 2.10 American Choral Music (S). 3.10 Karajan Conductors Competition 1977 (S). 4.00 Music for Harpsichord (S). 5.00 Building a Library (S). †5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines: Language and Communication. 7.30 Joan of Arc at the Stake (S). 8.50 Samuel Johnson. 9.10 Chopin Mazurkas (S). 9.35 Recollections of Herbert Read. 10.45 Babies Is Lullabies Is Trouble And Work. 11.15 The Arts Worldwide. 11.35 News. 11.40 Tonight's Schubert Song.

Radio 3 VHF only: 6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 Farming Today. 6.35 Up to the Hour. 7.00 News. 7.10 Today. 7.35 Up to the Hour (continued). 8.00 News. 8.10 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.35 Happiness Is . . . 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Something Appealing, Something Appalling. 11.50 Vikings, Scots and Scraelings. 12.00 News. 12.02 p.m. You and Yours. 12.27 Hinge and Bracket. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre. 3.50 Choral Evensong. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather: programme news. 6.00 News. 6.30 Quote . . . unquote (S). 7.00 News. 7.05 The Archers. 7.20 File on 4. 8.00 The Milk and Honey is Beyond this Wilderness. 9.00 Science Now. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Frank Muir Goes Into . . . Serious Music. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News. 12.20 a.m. Inshore Forecast.

BBC Radio London

206m and 94.9 VHF

5.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 p.m. Call In, including 1.00 London News Desk. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 In Concert. 10.00 Late Night London. 12.00 As Radio 2. 12.05 a.m. Question Time from the House of Commons. 1.05—Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

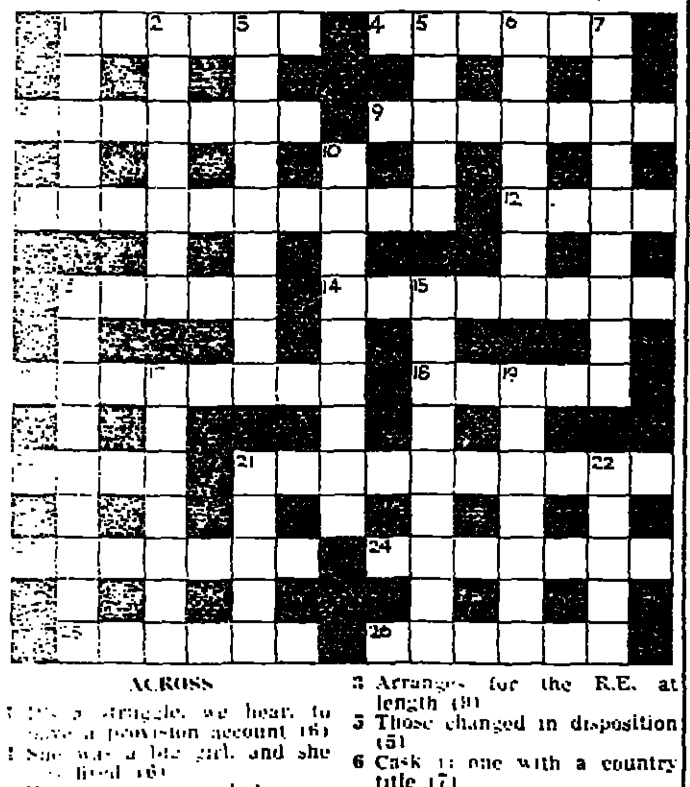
5.00 a.m. Morning Music. 6.00 A.M.: non-stop news, information, travel, sport and reviews. 10.00 Brian Hayes Show. 1.00 p.m. LBC Reports. 3.00 George Gale. 4.00 LBC Reports continues. 8.00 After Eight with Ian Gilchrist. 9.00 Nightline with Bryn Jones. 1.00 to 5.00 a.m. Night Extra with Alan King.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 p.m. Roger Scott (S). 7.00 London Today (S). 7.30 Bryan Wolfe's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 a.m. Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,663



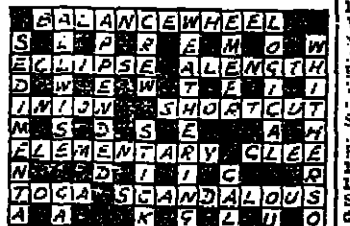
ACROSS

1 It's a struggle, we hear, to [illegible] a provision account (6)
4 She was a [illegible] girl, and she [illegible] (6)
8 [illegible] to include one [illegible] of Greek tragedies (7)
9 A character called Slim? (4, 5)
11 [illegible] out a strange gent's [illegible] (10)
12 [illegible] celebrated in verse (4)
13 "And to those thorns that in [illegible] bosom ——" (Hamlet) (5)
14 [illegible] a poet in my place in Italy (8)
16 [illegible] gets them to the river (3, 6)
18 Round an hotel in New York —the idiot (5)
20 A [illegible] for the return of old [illegible] (4)
21 [illegible] is seen to hit a fellow on the head (5-5)
23 [illegible] tidy for a time-server (7)
24 [illegible] be settled for ever (3, 4)
25 [illegible] that have taken one over the eight (6)
26 A jelly mine for sixpence (6)

DOWN

1 [illegible] get up for instance to the legal profession (5)
2 Corresponded with everything that is included in Territorial Decoration (7)
3 Arranges for the R.E. at length (9)
5 Those changed in disposition (5)
6 Cask is one with a country title (7)
7 A time of precipitation for which we save (1, 5, 3)
10 Not yet full up in the pantry (5-4)
13 Look for a female with a smile in opera (9)
15 The coloured view of coppers (3, 2, 4)
17 Gives a mass welcome to a fellow gangster (7)
19 Denied a gun in time of necessity (7)
21 A hundred others reach the summit (5)
22 Belgian town gets railway union round in the morning (5)

SOLUTION TO PUZZLE No. 3,662



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

Television

Where the best films are

by CHRIS DUNKLEY

The opening seminar of the Brighton Festival last week was organised by Humphrey Burton and called "The Arts Into The Eighties." It brought together aspiring young film makers (*cinema* people) and well established television people, and a discussion occurred of a sort that has become quite familiar in recent years.

The film people complain that the British film industry has been brought to its knees and reduced to a shadow by a combination of unprincipled distributors, ignorant and mean Governments, and the leech tactics used by television in buying up old movies cheaply and showing them free to huge audiences. They claim that Britain could have a thriving film industry again if only more Government aid was forthcoming, if only the distribution system were changed, and if only television would stop its beastly underhand tricks.

To prove the feasibility of a successful modern film industry they point to examples in other countries; Italy and France used to be favourites but now the fashionable example is Australia.

Television people respond to this in various ways. Many feel great sympathy since they have a deep fondness for the cinema with which they grew up before the age of television. A few brave souls remark sharply that if old movies could make money in the cinemas then they would be shown there instead of being sold off to television; adding that the world does not owe the young film lions an industry of their own and that if they want one they will have to create the demand by exercising and *proving their own abilities.*

But the most telling response is that of Gus Macdonald of Granada Television: "The British film industry is alive and well and it's called television." There are several truths in this—not least the confirmation that television has, indeed, had a lot to do with the reduction of cinema audiences.

It also points to the fact that while gifted film makers in France, Italy and Australia may have had no choice but to go into cinema because television offered no significant alternative (television in those countries lacking some of the freedom traditionally claimed by British television, perhaps, and for this and other reasons being pretty mediocre) in Britain such people have tended in the last 20 years to go into television: actors, writers, directors and technicians.

Clearly commonplace cinema (not *Star Wars*, not *Ai No Corrida*) will have a tough time so long as a nation's television's service provides very high quality entertainment at home, as British television often does. Any intelligent French, Italian or Australian viewer offered, for *example, the choice of drama* that has been available on television in this country in the last couple of weeks would no dobut go green with envy.

Taking the best first, last Wednesday's "Play Of The Week" on BBC2, *When The Actors Come*, turned out to be a magnificent piece of work written and directed by Don Taylor. I say "turned out to be" because the billing was less than enticing.

"On a cold day in January 1850, a group of travelling actors arrive out of the snow at the *remote country estate of Count* Horvath in eastern Hungary . . ." It sounded like an area we had visited before, not infrequently with the Hungarians themselves whose film industry was always rather keen on groups of people wandering around in snowy landscapes bumping into fur-clad aristocrats.

To be sure Taylor's play was concerned with the same themes of social justice, revenge, class animosity, and the terrible legacies of war which have concerned many Hungarian film makers. But Taylor's was very *much a television play, and a* most superior one in both content and structure.

It is worth emphasising the fine construction because, in this post-Pinter age, there is a tendency to accept that a play is whatever any writer happens to say it is. Thus BBC2's "Second City Firsts" transmitted something called *Mucking Out* on Saturday which could not by any stretch of charitable imagination be called a "play." Consisting entirely of two men chatting in a pigsty it looked like a student's exercise in dialogue writing which should never have gone as far as actual production. It can surely not have kept anyone away from the cinema.

Because of television's bias towards verisimilitude in drama, perhaps induced by the medium's heavy use of news and documentary material, the well crafted play seems often to be considered passé. But *When The Actors Come* proved again that there are valuable qualities—of irony, symmetry, universality, resolution—which do not appear by magic when you use the minimalist technique of putting in front of the camera haphazard scraps of "real life."

Killing, the second in ATV's series of "Scorpion Tales," was almost (but not quite) too neatly constructed. Bob Baker and Dave Martin's story about Mark Hawkins, a computer programmer played by the busy Jack Shepherd, involved the character in late night games with his pal the computer, sup*posedly playing the world* currency markets with money that lay idle for a couple of hours while in transfer. Eventually of course he really did it, made £2m., took off for South America, and discovered on the airplane the lady systems analyst (another intelligent performance from Angela Down), who had been investigating the computer, ready with her policeman husband to blackmail him for a share.

The approach to over-neatness resulted from the necessity to justify that pun-brella title "*Scorpion Tales*" *by building* an unlikely sting into the tail: the lady, whose husband has been harbouring unjustifiably jealous thoughts about his wife and Mark, does start an affair with Mark, employing exactly the terms used in the "game."

"Let's play our game."

"OK."

"What's it called?"

"Lover" . . . .

"I want to go deeper . . . ."

But such a contrived twist could be forgiven; even admired in such an amusing play.

ITV is currently running another set of single plays from Thames Television under the title "ITV Playhouse." (In most countries you would be lucky to find one single original TV play during the week—never mind three or four continuing collections of single plays running simultaneously.) Last week's, *One Of The Boys* by Anita Bronson, began by annoy*ing me because it seemed to be* a heavy feminist tract aimed at the easy target of boozy rugger players. Also there was a central illogicality which remained throughout: no woman of such taste, intelligence, ability, and virtues as the divorcee, Maggie, would ever take up in the first *place with such an unredeemed* slob as Ted. Yet in the end the play impressed, mainly through the acting, particularly from Diane Fletcher as Maggie.

So far "ITV Playhouse" has been an oddly mixed series, with yesterday's play, *Two Days That Shook The Branch* oddest of all. With such variations in quality I doubt if the umbrella title alone is enough to keep anyone at home on Tuesday nights.

The Devil's Crown on BBC2, however, is beginning to exert that same repetitive attraction which previous meaty history serials have built up. This one, produced by Richard Beynon, owes more to a French series called *Les Rois Maudits*—shown here in 1974—than to *Elizabeth R* or *Henry VII*, and something to *Churchill's People*, perhaps, in the way that it is made entirely in studio.

David Myerscough-Jones's designs are reminiscent of the elaborate illumination and colour detail of a mediaeval book of hours, and there are times when there is simply too much design for a small screen. Yet slowly it is beginning to exert a very special charm. Jane Lapotaire is both subtle and sensual as Eleanor, and although Brian Cox looks and sounds uncannily like a young Albert Finney in the current main role, he does put over the "hunting and whoring" side of Henry. It's character with splendid vigour.

However, series such as this only start to contribute seriously to television's threat to the cinema when the viewer becomes heavily involved with the personalities, and in this series it has been Jack Shepherd (again!) who has done most towards that with a portrait of Becket that makes the man unusually vulnerable.

Since it involves royalty, religion, politics, money and, according to modern versions, even sex, the Henry/Becket story has almost endless potential and *sure enough writer Ken Taylor* and director Alan Cooke have made it fresh again. I shall certainly be watching Episode 3.

Once upon a time the Cookes, the Taylors, the Shepherds and so on would have been working in cinema and we should all have gone out to see their films. Now they work in television and we can all stay in and see them. However, that should not worry us much more than it worries Luis Bunuel or Stephen Spielberg.

Brian Cox and Jane Lapotaire in 'The Devil's Crown'

Sadler's Wells

Rashomon

by CLEMENT CRISP

Lynn Seymour has revised and *somewhat tightened the structure* of her *Rashomon* for Sadler's Wells Theatre Ballet. The result last night proved entirely beneficial; it now seems even better argued in its shape and more clearly delineated as to drama.

The narrations of the three characters have gained in energy, and the roles are given exceptionally good performances. If I particularly praise Desmond Kelly's account of the Bandit it is because it contrives to be authentically Japaneses: postures, grimaces, his maniac delight in sword-play in the first tale, could be transferred to a Kabuki drama without too much culture shock. It is grand playing, matcher by David Ashmole's very controlled and "inward" view of the Husband, and by June Highwood's richly varied *presentation of the three aspects* of the woman.

With Pamela Marre's evocative forest setting, and Bob Downes' atmospheric score, *Rashomon* makes tremendous sense. An explicit eroticism may not suit every audience, but it has earned a permanent place *in the repertory*—not least for Lynn Seymour's tearingly funny view of men as a race of attitudinising television wrestlers in the middle section of the piece.

The evening also brought my first view of the SWRB revival of Ashton's *Dream*. I feared that *the stage at the Wells might* cramp the ballet's delicate style, and the transcendental choreography wreak havoc of the dancers. Not so. Because the company come fresh to the work, they restore an innocent charm that has been lost at Covent *Garden, and the lovers' quarrels* and the fairy dartings have a quick, happy vivacity to them. Margaret Barbieri was at her best flirting with Bottom, and Alain Dubreuil's Oberon is so intelligently played that he surmounts choreography which does not suit him.

Very good the Puck of Brian Bertscher, merry and ebullient and fleet of foot; absolutely outstanding, and worth going a long way to see, Ronald Emblen as Bottom. I do not recall Bottom's account of his dream better done, with its combination of gleeful innocence and wild surmises as to what had happened to him. It was a heart-stirring performance from a fine artist.

About the opening *Concerto Braocco* it suffices to say that clouded violin playing was matched by blurred dancing. If the ladies of the cast had been selling flags in aid of crippled doggies they could not have been more ingratiating. Balanchinian speed, clarity, alertness were at a premium.

Poppy Hands and Rod Beddall

Wigmore Hall

Colin Carr

by DAVID MURRAY

Early in the last work in Colin Carr's recital last night, his A-string snapped, and the nso did his only spare string. While another was being sought, some of the audience might well have decided that it was time to go home. Nobody (I think) did; as cello recitals go, that was no mean tribute. Carr will undoubtedly go on holding his audiences in their seats for many years to come, since he is only 21, and already a performer with complete technical equipment and remarkable communicative *powers.*

His programme ranged confidently over sturdy Brahms (the op. 38 Sonata), fitful Shostakovich and a virtuoso set of variation by Martinu on a Rossini theme, with an ingenious arrangement of six of Falla's "popular Spanish *songs*" as a *bonne bouche*. In the Brahms, the clean intensity of his attack seized the attention at once: not a matter of furious sawing, but of expressive conviction, and sterling security in all registers. In the alto range, Carr's tone was almost vocal, and used with the effortless freedom of of a first-class singer. He and his excellent partner Kathryn Stott invested Brahms' *quasi Menuetto* with so much subversive wit that it might have passed for a Mahlerian Scherzo. Miss Stott is, by the way, a pianist of parts, who rose admirably to *considerable technical* challenges of all the music.

The Martinu Variations were new to me, and a happy find. Much of the work is inventively funny, and both players set about it gleefully. Carr exploited a dazzling range of colour, always to a sharp musical purpose. In the Falla song-arrangements—by whom?—his phrasing was so vivid and plangent that one resented the routine octave-transpositions and similar titivations: they were otiose. As for Shostakovitch's Sonata, Miss Stott's left hand lay heavily upon the already clotted texture of the first movement, but in the *scherzo she proved that even the* "Sabre Dance" wasn't an original idea of Khachaturian's, and Carr's glissando harmonics sounded marvellous. The final Allegro, if not a persuasive conclusion to the work, left the satisfying impression of a thoroughly musical collaboration.

Mike Westbrook Brass Band in England and France

The Mike Westbrook Brass Band has a full programme in May. On Saturday and Sunday next it appears at Dudley Spring Festival in the West Midlands.

On Monday May 15 the band leaves for a 10-date tour of France with The Orchestra returning to England for Whitsun week-end, for appearances at the Serpentine Gallery, Kensington Gardens each afternoon of May 27, 28 and 29, starting at 3.30 p.m.

Riverside Studios

The Tempest

The *Pip Simmons* Theatre Group is ten years old and their first attempt at Shakespeare can be best (and most kindly) approached as a lively failure in a period of transition. For many years the group thrived on assaulting their audience with its own liberal assumptions about the Chicago riots, Negro slavery and, most recently, the horrors of life in a Nazi concentration camp. The prime problem would appear to be one of material, and in selecting Shakespeare's drama of magic and redemption, of slavery and atonement, the *company falls, not too spectacu*larly, between two stools.

The smaller of the two Riverside studios proves a spacious yet more manageable venue than the larger, with customers squatting on raised planks in front of a sand pit adorned with bits of old wood and billowing white muslin. Upstage, Prospero in a Robinson Crusoe straw hat summons the storm on a moog synthesizer. The political details of the text are jettisoned by labelling him "the deposed King of Milan" (not the Duke) while his adversaries, *making a splendid mock-majestic* entrance in red cloaks and blowing trombones, are a trio of Gonzo, "the usurping King of Milan" (an amalgam of Alonso and Gonzago), Antonio (an ambitious duke" (more like Shakespeare's Sebastian) and a female Ferdinand (Gonzo's son) in pert drag.

As usual, Simmons's interest is in mobilising his stage action *to distil images of power*, sado-masochism and sevual confusion. Ignoring all purist objections, the resultant brew is less than heady, plummeting too often and too easily into scrappily arranged set-pieces, most notably a *fugato*-style sextet for the characters presided over by Prospero and his recalcitrant Ariel (played by Sheila Burnett as a sullen, clarinet-playing nymphet with leaves in her hair).

The poetry is ransacked for musical pegs on which to hang some excellent music by Chris Jordan, very few of the main speeches left intact. The best number is reserved for the abjuration of Prospero's rough magic, but as the character is played outside of that as a monotonously tetchy schoolmaster, it packs little dramatic punch.

The one survivor in this unhappy hotch-potch is Rod Beddall's Galiban, a bald and tattered retainer forever sidling up to Poppy Hands's regularly naked Miranda with lascivious intentions. These she staves off only to disappear to another part of the stage and find herself subjected to a more frontal declara*tion of interest* by Jessie Gordon's itchy - fingered Ferdinand. There is a half-hearted effort throughout to engage the audience by treating them as dumbly conspiratorial islanders in the regicidal japes, but the old Pip Simmons magic is palpably not working its spell and, without that, Prospero himself has little chance of success.

MICHAEL COVENEY

Chichester Festival Theatre

A Woman of No Importance

by B. A. YOUNG

Oscar Wilde did not call this play a comedy. He called it "a new and original play of modern life," and I suspect that he *thought of it* rather as Mr. Osborne thought of *Look Back in Anger*, a cry of indignation at a current injustice, namely the laws concerning bastardy.

He chose the absurd melodramatic plot about Mrs. Arbuthnot's illegitimate son, Gerald, and his unexpected encounter with his father, because this was the kind of plot that was expected by the audiences of the day. But someone in it had to speak out on the side of reform. Who could it be but the witty peer to whom the clever lines were to be allotted, Lord Illingworth, the boy's *father?*

In this production the director, Patrick Garland, has latched on to this point and made Illingworth a serious character. There is plenty in the text to support this view, but it does make the part difficult to play. Keith Baxter has not *found the right* attitude yet: he is over-serious, positively pompous, and his witticisms drop like lead. (It is an extra disadvantage that so many of them are so well-known out of context.) When he needs only to be serious, as in the big scenes with *Mrs. Arbuthnot in* Act 2 and Act 4, he is admirable, disappointing only in that he is not the character we are expecting to meet.

Where Mr. Garland has gone wrong, it seems to me, is to make so many other people serious as well. His interpretation *is in*teresting, but the performance much less so. Even Rosie Kerslake's Lady Stutfield discusses the need for square chins on men as if she were talking of Home Rule or something. Consequently, the play drags unmercifully, *playing* a full 3¼ hours with two intervals.

Those who are the most meant to be taken seriously, Mrs. A. Arbuthnot and the American puritan Hester, are as desperately serious as the text proposes. Siân Phillips keeps Mrs. Arbuthnot on a low emotional level and gets away with it. But even so pretty and musical a puritan as Gayle Hunnicutt cannot keep us from seeing what an unbearable prig Hester is; but she is surrounded by prigs, not the least of them poor illegitimate Gerald, whom Tim Woodward cannot help making unlikeable, for all his good intentions. Lord Illingworth would have cured him of standing with his *hands in his waistcoat pockets* like a butcher, but in America Hester will only tell him it doesn't matter. Love is the only law—a pronouncement so opposed to anything she has said before that one can hardly believe her to be earnest in her puritan principles.

The society ladies come out much better, with Ambrosine Phillpotts a splendidly sympathetic Lady Huntstanton, Margaretta Scott a pompous Lady Caroline, and Barbara Murray best of all as the wicked Mrs. Allonby whom I suspect Wilde was using as a secondary *vehicle* for his own wisdom. The society scenes, designed by Peter Farmer, struck me as somewhat under-furnished, but Mrs. Arbuthnot's happy English home in the last act looks positively palatial after all we have heard about her poverty.

£1,000 book award

"Unemployment" and the plight of the "unexpectant teenager" are the subjects of unique book awards sponsored by the Odd Fellows M.U. Friendly Society. The judges of the Odd Fellows M.U. Social Concern Book Awards will be looking for the book or pamphlet which makes the most useful contribution to the finding of solutions for each of these problems.

The announcement and presentation of the prize winners will be held at Odd Fellows House, Manchester, on October 18.

Covent Garden

Peter Grimes

by ELIZABETH FORBES

The striking simplicity of Elijah Moshinsky's production of *Peter Grimes*, revived on Monday at Covent Garden, throws into sharp relief all the inhabitants of the Borough, the fishermen and their wives as well as the higher echelons of the town society so superbly characterised by Benjamin Britten in his music. This is particularly true of Grimes himself; seen against the sand and the sea and the sky which make up the sets designed by Timothy O'Brien and Tazeena Firth, Grimes takes on *an even greater* importance as the centre of the opera as an individual and as a symbol of the eternal outsider.

The two singers so far heard in this production, Jon Vickers and Richard Cassilly, have been dramatic tenors with heroic voices. Now a lyric tenor, Robert Tear, takes over the role, subtly altering the balance. Predictably, Mr. Tear sings "Now the Great Bear and Pleiades" with a wonderfully fine-drawn line while his final monologue is keyed to a tension that very nearly breaks the smooth flow of tone, but never quite does. Less predictably, he is more violent in his argument with Balstrode at the end of the first scene of Act 1 than either of his predecessors, and he also treats his apprentice more roughly than they did when preparing to go *fishing in the second scene* of Act 2.

What Mr. Tear so far does not convey is the sense of menace, of cruelty, that the townsfolk feel or suspect in Grimes, and which sparks off their manhunt. But it is already a most accomplished performance that will surely grow in depth and subtlety. On Monday there was also a new Balstrode. As Norman Bailey was ill, Jonathan Summers sang the part. He makes a sprightly, young-middle-aged merchant skipper, whose good sense, humour and kindli*ness are very evident. The role* is vocally most rewarding, as many other baritones have discovered, and Mr. Summers, in firm, resonant voice, does the music ample justice. His words are also admirably clear.

Other newcomers to the cast include Norman Welsby's dapper *Ned Keene* and *Malcolm King's* stentorian-voiced Carter Hobson, both of whom fit well into the production. Heather Harper, though she must have sung Ellen Orford more often than any soprano since Joan Cross, the first Ellen, always finds new and interesting insights on her character. John Dobson has become a powerful Bob Boles, a bigot maybe, but a completely sincere one. Patricia Payne's sepulchral Mrs. Sedley, Elizabeth Bainbridge's comfortable Auntie, the two forlorn Nieces of Elizabeth Robson and Anne *Pashley*, and *Forbes Robinson's* marvellously self - confident Swallow are all excellent.

David Atherton conducts; he encourages the chorus to sing with a whole-hearted fervour that is in danger of lifting the roof, and he obtains an equally en*thusiastic response from the* orchestra. In the orchestral interludes the clarity of texture, even at the height of the storm, allows an exceptional amount of instrumental detail to be heard, though the sweep and flow of the music, like the rise and ebb of the tide, remain inevitable.

Cutbacks at the National

The National Theatre is having to reduce its acting company and the number of new productions because of a continuing cash crisis. About 30 actors and actresses have left during the past six or seven months, bringing the company's total down to between 95 and 110 artists, depending on the size of productions.

Touring plans have been halted and the number of pro*ductions has* already been slightly cut. New productions will also be reduced.

Although grants have gone up to £3,568,000 this year, the subsidies are not sufficient to cover all needs.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000

Wednesday May 10 1978

The challenge to society

THE COLD-BLOODED murder of Aldo Moro will send shock-waves not only through Italy but throughout civilised Western society. In human terms, his fate is no more tragic than that of scores of other kidnap victims who have met gruesome deaths in recent months. What makes Signor Moro's death especially shocking was his position as one of Italy's most powerful and respected political figures, at the pinnacle of one of West Europe's most important democracies. His eminence underlines both the enormity of the Red Brigades' action and the inability of a modern Western society to guarantee the security of its elected leaders.

Provocative

If Signor Moro had been kidnapped for money, like so many other prosperous Italians, the authorities would no doubt have allowed his family to strike a deal. But in his case, his abductors made it clear from the outset that their objective was to "declare war on the State"—a challenge so provocative that no Government could give in to it without risking incalculable political and social consequences. Even to have negotiated with the kidnappers would have been an admission of the State's vulnerability to terrorist attack. Despite understandable heart-searching, and a certain wavering in the last few days, the Government stood firm. It was right to do so.

Significantly, the toughest resistance to any kind of deal throughout the agonising weeks of Sr. Moro's captivity came from the Communists. Their attitude no doubt partly reflects traditional Communist commitment to the priority of the State's interests over those of the individual. But it also reflects the importance they attach to dissociating themselves from the lawlessness of the extreme left. A major plank of their strategy is to convince Italian and world opinion that they are a respectable party, of which nobody need be afraid. Ironically, it is this very bid for respectability that has opened up the gap on the extreme left which the Red Brigades are trying so hard to exploit.

There is no evidence that active members of the Red Brigades number more than a handful. Claims that their sympathisers are spread widely through Italian society are impossible to verify. What is undeniable, however, is that modern Italy is a fertile breeding-ground for revolt against the traditional establishment. Successive Christian Democrat Governments have failed to achieve a long overdue transformation in the country's antiquated bureaucratic and social structures, and recent years have seen continuing economic crisis. The university system is coming apart at the seams, and the problem of youth unemployment is as desperate as anywhere in Western Europe. The security forces appear to be lamentably incapable of coping with criminal, let alone political, violence.

There has always been a violent streak in Italian society. It has not always been so ruthlessly efficient. There is growing evidence that the Red Brigades are linked to other international terrorist movements like the West German Baader-Meinhoff gang. It is a chilling prospect for everyone living in a free society if such underground networks are allowed to take root. So far, however, international co-operation against terrorism, whether between Governments or police forces, is still in its infancy—despite numerous expressions of good intent.

Blackmail

Nevertheless, it is a hopeful sign that throughout the world Governments are beginning to realise that to give in to terrorist blackmail is to invite further attacks. There is equally an increasing awareness that to over-react with repressive counter-measures is to undermine the democratic values that are under assault. Yesterday, the Vatican described Signor Moro's death as being of "almost sacrificial value." If the Italian Government's firmness encourages othes to follow suit, and if more serious efforts are now made to combat terrorism at international level, then Aldo Moro may not have died in vain.

Post-Budget City blues

IT IS NOT surprising that the financial markets were upset yesterday. The first reason was the combined success of the opposition parties at Westminster in amending the Finance Bill to cut the standard rate of income tax by 1p in the pound. While lower taxes are always to be welcomed, this particular cut will be of relatively little benefit to anyone but will add £340m. (£370m. in a full year) to the public sector borrowing requirement. Since the City was already worried about the Government's ability to finance the PSBR as it stood, and since further cuts in taxation may still be forced through, there is now widespread talk of still higher interest rates. It is encouraged by the fact that the Chancellor seems in no hurry to propose the cuts in public expenditure or the rise in indirect taxation that would restore the previous position.

CBI gloom

There were other, purely financial reasons for gloom. When Minimum Lending Rate rose last week from 7½ to 8¾ per cent., instead of the 9 per cent. generally expected, there was a feeling that it had a little further to rise before a temporary peak seemed to have been reached and the Government could begin selling stock. When the clearing banks adjusted their base rates yesterday, it appeared that they shared this point of view. The banking figures issued yesterday, moreover, showed a very sharp rise in eligible liabilities, though special factors may have been partly responsible for this.

Meanwhile the Confederation of British Industry, which wanted a much more expansionary Budget, with larger cuts in direct taxation offset by a general increase in VAT, has published a survey of industrial trends that seems to justify the disappointment already expressed by its spokesmen. The least specific but often the most revealing question which it puts to its members is about changes in their general optimism about the business outlook. The latest survey suggests that they have become, if anything, rather less optimistic since the Budget. This seems to be partly because it was less expansionary than hoped, partly because the tax benefit to middle management was so small, and partly because export prospects in a depressed world market remain bleak—though the fall in the sterling exchange rate has caused some slight revival of hope in this last area. Much the most important constraint on fuller use of capacity remains the inadequacy of demand (though there appear to be significant shortages already of *skilled* labour) and it is expected that numbers employed will continue to fall.

The CBI mentions three bright spots in the picture, the firmness of investment intentions, the modest reduction in cost increases, and the absence of any further worsening in the financial position of companies. But investment intentions can be changed, especially if interest rates rise temporarily high. The cost position is worsening with the very drop in sterling which the CBI wanted for competitive reasons, as shown in the latest wholesale price indices. And the regular delay in passing on such increases may well have some effect on company profits.

Trade figures

Market sentiment tends to move from one extreme to the other. Mr. Healey has at least made the PSBR mentioned in the Budget a firmer target than before and it is difficult to believe that he will want, in a time of high unemployment and doubtful competitiveness, to offset reductions in direct personal tax with higher company tax or higher employers' insurance contributions. Since he has almost certainly pitched his inflation forecast rather too low, moreover, perhaps in the hope of influencing wage negotiations, he may also have underestimated tax revenue and overestimated the size of the PSBR. But the markets are unlikely to settle down until the immediate outlook is clearer than it is at present. The next major hurdle is the April trade figures, due to be published at the beginning of next week.

Moro's sacrifice gives Italy a new chance

BY DOMINICK J. COYLE AND PAUL BETTS, ROME, MAY 9

THE DEATH of Sig. Aldo Moro removes from the Italian political scene the most complex political personality, and one of the most influential since Alcide de Gasperi, the "father" of post-war Italy.

Sig. Moro, a southerner with a strong political base in Bari, was born in 1916, and entered Christian Democrat politics following a distinguished academic career devoted to law which he was to follow more as an academic and university lecturer than a practitioner.

Serving initially as Foreign Affairs Under Secretary in one of the de Gasperi Governments, Sig. Moro advanced within the Christian Democratic hierarchy to become Prime Minister five times and secretary-general of his party.

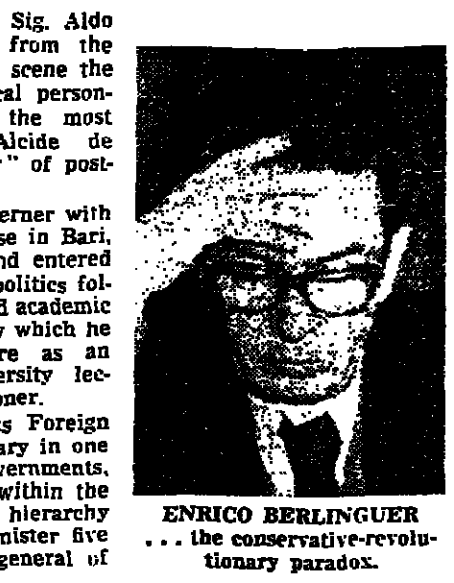
But his really distinguishing mark was his ability to plot, and subsequently to deal with, complex political and social changes in Italy, starting in the early 1960s when the Christian Democrats lost their seemingly permanent hold on power. It was he who charted then the so-called "opening to the Left" in Italian politics, when the Christian Democrats accepted (however reluctantly) the Socialists in a governing coalition. Shortly before his kidnapping on March 16 he had charted an even more controversial political advance — a governing deal with the country's powerful Communist (PCI) forces, which saw the latter enter for the first time in some 30 years the ruling parliamentary alliance.

A proven vote-getter in his own constituency, and a man who always maintained the closest contacts with the Vatican, and particularly with the present Pope Paul, Sig. Moro simultaneously managed to maintain "appropriate" links with the Communist Party. The PCI leadership looked upon him as one of the few established Christian Democrat politicians with whom it might be possible to "do a deal."

Sig. Moro combined two unusual attributes in Italian political life. He was both a political realist and a supreme political strategist, a man who seldom made a decision lightly but, having made it, insisted with his own party on honouring his commitment. His admirers, and they were legion, liked to point to his own peculiar strategy for reaching political decisions.

He would work out on separate sheets of paper every conceivable implication of a single political decision in order to ascertain the likely extent of any initiative.

It was this style of decision-making which endeared him to the Communist leadership, which itself has always looked well beyond a particular political act towards a possible long-term partisan gain. One Communist source said here



ENRICO BERLINGUER
. . . the conservative-revolutionary paradox.

to-day privately: "With Moro you knew where you stood, although you might not always appreciate it fully at the time."

Despite his own strong ties with the Roman Catholic Church Sig. Moro stood to the Left of Centre of his party. Prior to the kidnapping, he was virtually the automatic choice of all the main political parties as President of the Republic when the present incumbent, Sig. Giovanni Leone, retires at the end of this year. He had never indicated whether he wanted the job, but it was certainly his for the asking.

Almost uniquely among top Christian Democrat leaders, Sig. Moro personally was uncontaminated with any suggestion of financial corruption or political sharp-practice. He was Machiavellian certainly, in the time honoured Italian tradition, but (again to quote a Communist Party admirer) "a man very much of his word."

The long-ruling Christian Democrats are not just understandably bereft at the news of his death, but many of them feel instinctively that they have lost one of their sheet-anchors as a political party, and one which in present-day Italy it will not be easy to replace.

The spot where Sig. Moro's body was found to-day—about 100 yards from the Communist Party headquarters and some 150 yards from that of the Christian democrat party—was a macabre gesture by the ultra-Left Red Brigades terrorists, who kidnapped the former Premier 55 days ago in a bloody ambush in which five police bodyguards died.

From the beginning, the Red Brigades had clearly sought to provoke the sort of reaction which could have plunged Italy into a state of chaos. Sig. Moro had been the architect of that unique political formula—ratified by Parliament on the very day he was kidnapped—which now sees the Communists directly supporting a Christian Democrat minority government. This did not happen. The ruling party maintained its stand of not surrendering to the terrorists, in spite of intense internal pressures to negotiate for the release of Sig. Moro coming from the family of the former Premier and his closest allies.

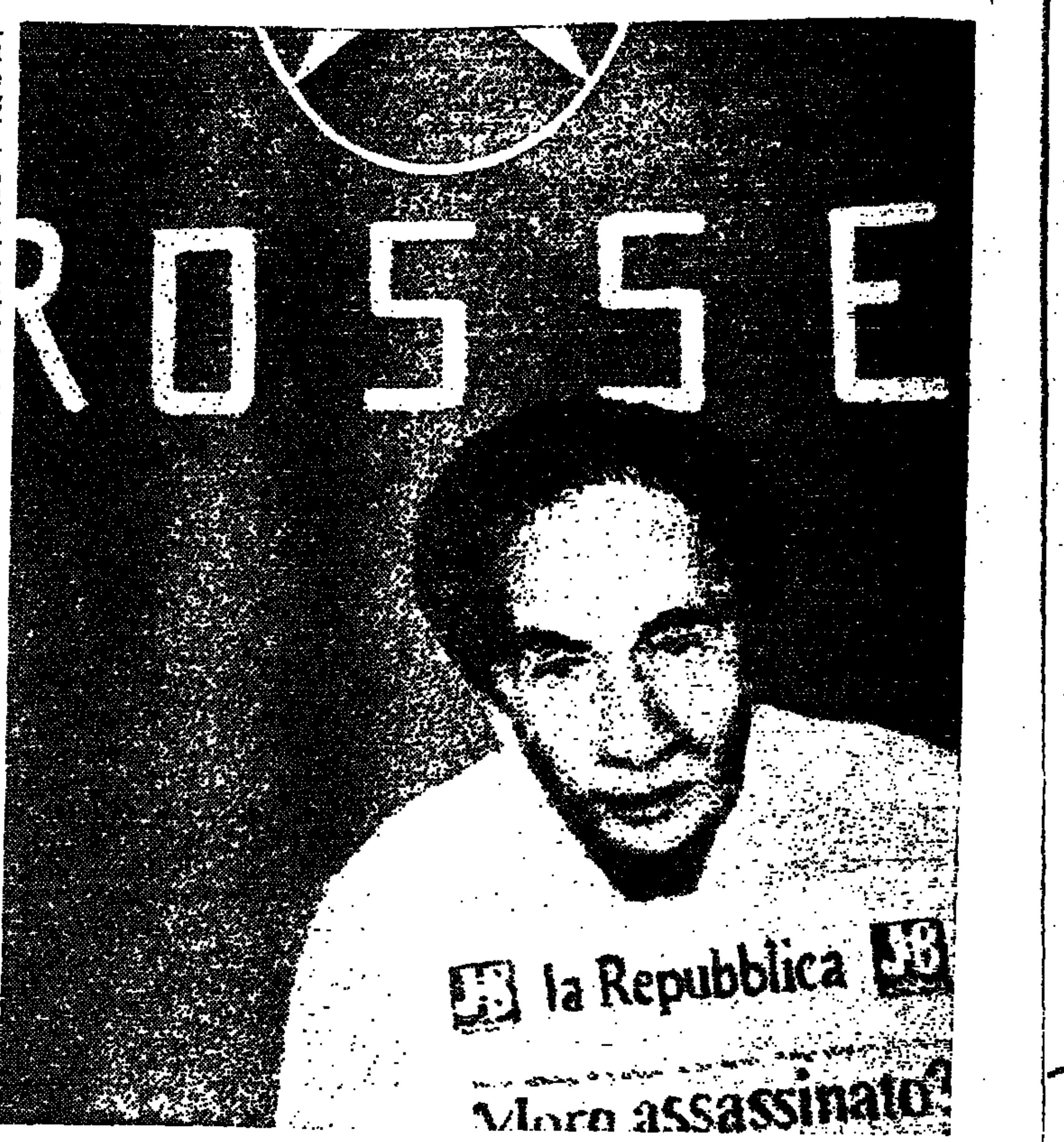
This stand was dictated in part by the other political parties supporting Sig. Giulio Andreotti's minority government. They stated quite explicitly that on no account could they tolerate a defeat of the State. The flagbearers of this intransigent position were the Communists, who even sharply criticised a series of "humanitarian proposals" by the Socialist party which included an amnesty for political prisoners convicted of minor offences.

After 55 days, repeated threats to execute Sig. Moro, numerous communiques and letters purportedly written by the prisoner urging the political forces to agree to the terrorists' demand for the release of 13 named prisoners, an increasing sense of frustration appeared to overcome the Red Brigades. On Friday night, faced with the repeated refusal of the government to negotiate the release of Sig. Moro, the terrorists cryptically announced: "We have nothing more to say."

The events of the last 55 days seem to have strengthened the solidarity between the country's main political parties and the minority Government formula agreed in March, if only in the short term. Even the campaign for an important series of local elections next Sunday reflected this mood. The campaign, unlike previous ones, has been relatively subdued and devoid of the usual bickering. Yet the elections, involving some 4m. voters or about one tenth of the electorate, represent the first effective test of public opinion since the inconclusive general elections of June 1976.

The Communist Party has openly praised the Christian Democrats' firm refusal to give in to the Red Brigades, and despite the political paralysis inflicted by the kidnapping, the Government has none the less attempted to enforce the commonly agreed programme to bring the country out of its current social and economic crisis. The controversial trial in Turin of the leaders of the Red Brigades movement is continuing, although there had been fears that Sig. Moro's kidnapping would have led to a further postponement.

But although the political forces so far have shown the will to maintain a united front against the terrorists, the death of Sig. Moro is bound to provoke severe tensions within the various parties. In the case of the Christian Democrats, the vocal faction which has traditionally opposed any deal with the Communist Party will doubtlessly make itself heard. The Red Brigades, their argument runs, are in a sense the product of the Communists, who to-day appear as a "respectable party of government." The Communists, for their part, have increasingly criticised the authorities for their failure to halt the growing wave of politically-inspired violence which has afflicted the country.



Aldo Moro, photographed by his Red Brigade captors last month. Prior to the kidnapping he was virtually the automatic choice of all the main political parties as Italy's President.

By the gesture to-day, the Red Brigades wanted to inflict their latest blow not only against the ruling party but also against the Communists, who they claim have "betrayed the revolution." In many respects, they appear to have succeeded. They have demonstrated that as a subversive force they have at their command an organisation so closely knit that not even an unprecedented police and army manhunt has been able to unearth any substantial clues on the movement.

Public opinion reflects a growing mood of fear and exasperation at the apparently uncontrollable deterioration of law and order in the country.

For the first time, however, there does seem to be a genuine consensus among the political parties that something must change in Italy. All the parties openly admit that serious mistakes have been made in the past, but insist that the country is turning over a new leaf. This is reflected in the new "emergency" formula and the declared intention to make it work, especially following the death of Sig. Moro. Measures are to be taken to destroy the pastures on which violence and criminality thrive, such as youth unemployment, the dire state of the universities, the frightful imbalance between the industrialised North and the depressed South, and the shocking human misery in the urban ghettoes of many major cities.

The labour movement has now indicated its willingness to moderate wage claims and accept the principle of labour mobility to help the economic recovery of the country, especially in the South. On the surface at least, the political parties seem intent to put aside their traditional differences. All the signs indicate a common will for change. But the big question is whether it will effectively occur.

What many people have failed to grasp is the not negligible support extremist and certainly student groups enjoy, or at least have enjoyed, until the death of Sig. Moro. It is generally considered here that the Red Brigades, whose active elements are put at a mere 350 people, have a wide-ranging network of sympathisers in a number of cities like Milan, Turin, Genoa and Rome. These are usually people disillusioned with the Communist Party, which as the party's Secretary-General, Sig. Enrico Berlinguer, has paradoxically called "a conservative and revolutionary party." This is not the contradiction, it seems. For as a mass party, the Communists inevitably are conservative.

Yet at this very moment, all this pales into relative insignificance in the face of the tragedy which has afflicted the family of Sig. Aldo Moro, the families of the five bodyguards killed on March 16 and all the other terrorist victims.

MEN AND MATTERS

Old Lady makes a sale

To move into a building vacated by the Bank of England must always bestow a touch of grandeur. This fortune has just come to the Bristol and West Building Society. It is in the process of buying, for an undisclosed sum, the Bank's imposing property at the bottom of Chancery Lane. This used to be the Law Courts branch of the Bank, but since December, 1975, it has stood empty, silent and barred. Behind a massive gate across the main entrance, into which passers-by have thrown their jetsam, stands a Kafka-esque sign: "Please announce arrival and ask for details."

It was when I rang Threadneedle Street and asked for details of what they proposed doing with the place that news of the sale to Bristol and West was revealed. This marks a break after 90 years. The Law Courts branch had been a legal necessity since Victorian times, because it accepted cash lodgments for the courts. But when the new Supreme Court Funds Rules became effective on December 15, 1975, the branch simply became redundant. The Bristol and West, founded in 1850, seems eminently suitable to follow in the Bank's footsteps. Its slogan is: "Join the Money-building Society."

Right wing score

Anyone who watched last Saturday's Cup Final and wondered if British soccer has acquired almost religious overtones, should pause to note how the game stirs Catalonian fans. Barcelona FC—"Barca" for its 2m. passionate followers—had three titles within its grasp last month, only to finish with one, the Spanish Cup. But it has been the off-the-field activities of the candidates for the presidency of Barcelona—in the first universal suffrage elections to take place in a Spanish soccer club—that has really concentrated the Catalan mind.

Barca's presidency is only second in prestige to the presidency of the re-established autonomous Generalitat, Catalonia's traditional government. All newspapers and political parties have taken sides in a campaign that proved far less gentlemanly than last June's general elections. The leading candidates were Jose Luis Nunez, a non-Catalan, and one of a select band of builders who mushroomed to fame and fortune under Franco. His main opponent was Ferran Arino, backed by the Nationalists and Progressive banking circles. He also had strong support on the ground from the PSUC, the Catalan communist party.

No Catalan artists and singers would turn out for Nunez's galas, and he had to import a French group instead. The only Barca player to side with him was the Dutch star, Johann Cruyff: somewhat gratuitously since he was due to retire the day after the elections, Cruyff stated that he would not work with Arino.

But Nunez scraped home as his supporters intoned the Falangist hymn "Cara al Sol." In the glow of victory, he has magnanimously withdrawn the 23 libel suits he had pending against Catalan journalists. He believes that the money he had spent on his campaign—70m. pesetas (£500,000) according to some estimates—was well invested "in the future of Barca."

One prominent local banker said that Nunez was wrong for Barca because "he thought money could buy anything." He should know. On acquiring a famous local newspaper, he asked how much it would cost to sign on two of Spain's most famous philosophers, both of whom had been dead for several decades.

Eye on the ball

Somebody who has just scored 96 and is far from out is Captain Nelson Zambra. When he was a boy at Highgate School he played cricket against an MCC team captained by W. G. Grace. "I bowled him several overs without being knocked about too much," Zambra recalled when I talked to him yesterday. However, although Grace did not hit him for six, the captain's memories of the great man are not without reservations: "He was not very popular."

Zambra now lives a few miles from Alton in Hampshire and his main interest these days is the stock market. "What else is there to do at my age?" he wanted to know. "I hope you've got a few good tips for me." According to his bank manager in Alton, J. R. Minnett, he scarcely needs any: "There are few bargains that escape the captain's attention and he has been known to correct our own brokers from time to time."

In Mozambique in his youth, Zambra once shot a charging buffalo at a range of two yards. He also played tennis against the Wimbledon champion, Tony Wilding, while an undergraduate at Cambridge. Now his main sport is studying the small type in the back of the FT with a magnifying glass. "Call in and see me one day," were his parting words. "And don't forget to bring a few tips."

Floating an idea

This column recently reported that the Japanese are looking into the possibility of building airports out at sea: their experiences with the guerrilla-ravaged Narita airport near Tokyo has apparently stimulated this interest. A reader in Monaco points out that the Japanese are also the only nation building flying boats. A company named Shin Meiwa has constructed 15 four-engined machines—about the size of a Hercules transport—which are in service now for maritime reconnaissance.

This must evoke a wave of nostalgia among enthusiasts who recall Britain's elegant postwar Princess flying boats. In those days, this country held a lead in the construction of such machines. But to-day, in Europe, only the Germans still see any future for them. Dornier have been promoting their old prewar flying boats, but with turbo-prop engines.

My Monaco correspondent, J. H. Millar, claims some expertise in this esoteric field. In June 1939 he sold the Air Ministry its first long range American military flying boat. Urging that we should not once more trail in Japan's wake, he says: "Maybe you could do England's declining aircraft industry a good turn by recommending that they look again at the many advantages of large-scale flying boats." It could be a new way to rule the waves.

Observer

A cottage industry nuclear bomb

BY DAVID FISHLOCK, Science Editor

PARLIAMENT WILL vote on *Monday for* the second and presumably final time on the Government's decision to expand the Windscale factory for reprocessing spent nuclear fuel. As was the case late *in March*, when MPs supported the decision by a 3—1 majority, the main case against the project will be not one of local safety or amenity but the international issue of proliferation of nuclear weapons. Plutonium, the by-product of reprocessing spent fuel, can be used as a nuclear explosive.

But there are ways of obtaining nuclear explosive other than building a £600m. reprocessing plant. The director of Los Alamos, the U.S. national laboratory where the first nuclear bombs were designed, privately warned a top-level audience in Oxford a few days ago that one of those ways could become a "cottage industry" within a few years. Moreover, in contrast with plutonium and reprocessing, with enrichment there are no deadly levels of radio-activity to discourage the would-be bomb maker.

The Government's case on plutonium has been that neither in scale nor in kind does the Windscale project increase the risks of proliferation. Rather, by undertaking reprocessing commercially for foreign customers will it decrease the incentive for them to build their own reprocessing plants. It is a point conceded even by witnesses testifying against the project at the Windscale Inquiry last summer.

The Parker report* on Windscale dismisses proliferation as an argument against the project, principally on a strict legal interpretation of Britain's international obligations. Nevertheless, as the report clearly shows, proliferation of nuclear explosives remains a much more real fear than other aspects of safety, no fewer than seven of which were raised by opponents at the inquiry. Some opponents have already indicated, *however, that they believe that* plutonium and reprocessing may not be the real danger of proliferation, and that uranium enrichment, the route of the Hiroshima nuclear explosion, may be the more serious threat.

Nuclear opposition groups in Britain have announced a "Stop Urenco" campaign, to begin this month: Urenco being the Anglo-German-Dutch consortium engaged in uranium enrichment in Britain and Holland. Their antagonism has been aroused by a £100m. contract *Urenco signed last year* with Nuclebras, a state-owned Brazilian nuclear group, to enrich uranium fuel for that country's first two German-built nuclear reactors. Brazil has refused to sign the Non-Proliferation Treaty (NPT) formally foreswearing nuclear weapons.

New threat

For Urenco and the three Governments behind it, the worry is not the proliferation potential of its present technology, but the fact that this technology might be superseded within a few years by one commercially more attractive and much less resistant to proliferation. The problem comes at a time when Urenco is about to undertake a big expansion of its gas centrifuge enrichment capacity; and at a time when the U.S. Government has just embarked on a $3bn. investment in the same technology.

The new technological threat is laser enrichment, the most elegant way yet proposed for executing a very difficult task. The task is to separate atoms of the rare isotope uranium-235 from atoms of the far more abundant isotope uranium-238 present in uranium ore. The two kinds of atom are chemically indistinguishable. Until now the successful ways of "enriching" by increasing the presence of the fissile uranium-235 component have exploited *the slight difference in mass* (weight) of the two isotopes.

The first uranium A-bombs were made from uranium enriched by the gas diffusion process, *a method of filtering* uranium gas through a long and tortuous path so that the heavier isotope gradually got left behind. The very scale of this process, requiring huge volumes of hex gas and vast amounts of energy to pump it, was itself a safeguard against "cottage industries" and clandestine attempts to proliferate nuclear weapons.

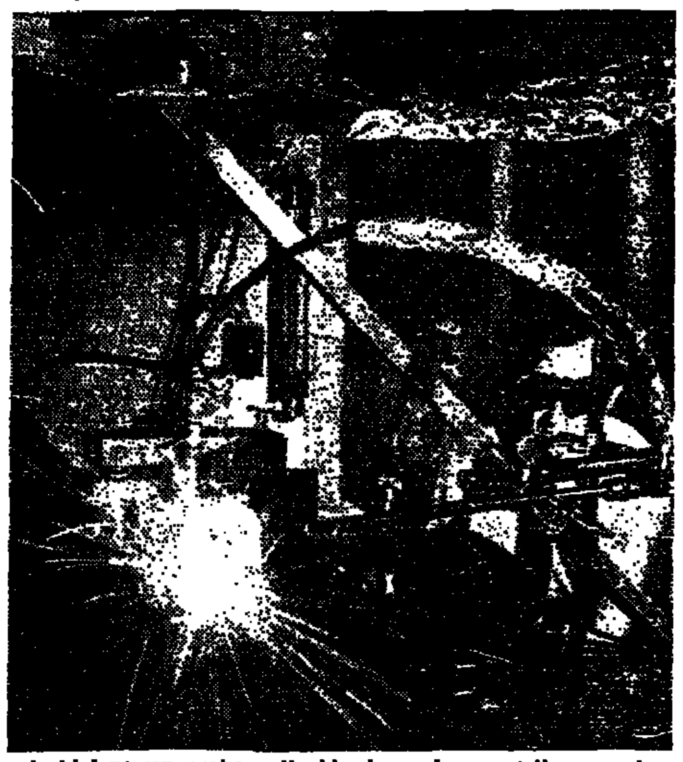
In the 1960s a new enrichment technology began to look promising enough to earn the label "poor man's route to the A-bomb." Technically, the gas centrifuge was a much more exacting way of separating isotopes, by centrifuging uranium gas at immense speed. The commercial attraction was that given good centrifuges the energy required could be one-tenth or less than that required for gas diffusion. The primary safeguard against proliferation was—and still is—that the engineering skill and effort required to make large numbers of reliable centrifuges remains beyond the reach of most nations.

Laser enrichment is fundamentally different from gas diffusion and the gas centrifuge, both of which exploit the slight difference in mass. The idea is to make the desired isotope more disinguishable from the other, by artificially "exciting" it with a light ray. If the idea can be made to work it could offer at least three compelling advantages over established methods of enrichment.

- It should require only about one-thousandth of the energy of gas diffusion.
- It should give almost complete separation.
- It should reduce the process of enrichment to the scale of a "cottage industry."

For these reasons it can be assumed that most nations with nuclear aspirations—peaceful or *otherwise — are researching* laser enrichment to-day. Britain (at Harwell), the U.S., Soviet Union, France, West Germany and Israel are among those which have publicly acknowledged this interest. For these reasons laser enrichment presents one of the most serious threats of nuclear proliferation. Yet the critics of nuclear power have been *reluctant to acknowledge* it, because it makes nonsense of their professed fears of plutonium proliferation.

What is more, the technology is very difficult to "classify" or even restrict to the public sector. The principle promises ways of separating many useful isotopes—of no military significance—much more readily and cheaply, for use in medicine, research and manufacture. Such materials by weight can cost upwards of 300 times the price of gold. The laser techniques are close to those just beginning *to excite chemists*, who see lasers as potential industrial energy sources that might be used to stimulate a specific reaction very efficiently. In Britain, ICI's central research laboratory at Runcorn is experimenting with a very powerful laser that may one day afford, say, a better way of purifying a premium product such as a drug. In the U.S. several industrial companies have been in the vanguard of uranium enrichment by laser: Exxon, Avco-Everett, Jersey Nuclear, for example. Exxon and Avco are jointly planning a pilot plant at Richland, Washington, apparently with the blessing of the U.S. Government.



A high-power carbon dioxide laser beam strikes sparks *from titanium metal in an industrial application for United Technologies.*

As is the case with other methods of enrichment, only broad principles of the laser technology are being disclosed, for commercial as much as for political security. There appears to be intense rivalry between two laser techniques in the U.S. Both take the uranium in the form of a vapour and arrange for this vapour to be irradicated by a laser beam of very precisely tuned wavelength. This wavelength is chosen to "excite" only the atoms of uranium-235, briefly electrifying them so that they will respond to, say a magnet. In this way they can be pulled cleanly out of a stream of uranium vapour.

Technologically, the two techniques differ considerably. One works on metal vapour of uranium itself, a metal which boils at a forbidding 2,200 degrees Centrigrade. The other works on hex, a compound which vaporises at about 60 degrees. The former promises to yield the more compact enrichment technology, although both appear to require lasers of unprecendented power and precision for commercial scales of operation. In fact, the common factor they share is that they present a particularly difficult and fascinating scientific challenge which, if solved, may open up a whole new kind of *chemistry, based not on heat* to accelerate reactions, but on precision injections of laser energy.

For nations already equipped with uranium enrichment — for instance the U.S., the Soviet Union, and France—the biggest attraction of laser enrichment may be to make further use of *large stockpiles of "depleted"* uranium. The vast bulk of uranium enrichment so far has been carried out by gas diffusion, a process which can economically extract only about two-thirds of the fissile atoms. The residue or "tails" from these plants therefore contains 0.2-0.3 per cent. of uranium-235 which, if extracted, *would permit important* economies of fresh uranium ore.

Laser enrichment is the one technology which promises to be able to do this. Britain's present stockpile of 20,000 tonnes of depleted uranium, mostly accumulated from the weapons programme of the 1950s, still contains enough *uranium-235 to run the 6,000* MW of advanced gas-cooled reactors in operation or under construction in Britain for eight years. What is more, the extraction of residual uranium-235 will in no way diminish the value of this stockpile as a potential fuel for fast breeder reactors for this process depends on different nuclear reactions.

In the U.S., which, of course, has far bigger stockpiles, the Department of Energy, it was recently reported, is already talking of three to five laser enrichment plants in the 1990s, recycling depleted uranium at a price expected to be competitive with the mining and refining of fresh ore. This claim must be seen in the context of a country possessing *about 50 per cent. of the proven* uranium reserves outside the East bloc. For others—such as Britain, West Germany, Israel — lacking indigenous *uranium, the incentive to make* fullest use of all imports, all the stronger.

Does laser enrichment inevitably raise a big new nuclear *proliferation risk? So important* may laser-stimulated reactions prove to chemists that it will be impossible to keep the underlying technology secret. In that respect it differs from reprocessing which is of interest only for nuclear purposes. But enough seems to be known about a laser enrichment to say that although it may be compact *enough to call a cottage industry*, it will never become a "bucket shop" operation. The combination of technologies *needed is far too sophisticated.*

A more embarrassing situation may arise as a consequence of the exercise President Carter launched last autumn in an endeavour to find nuclear technologies intrinsically more *resistant to proliferation than* reprocessing. Some 40 nations are participating in the International Nuclear Fuel Cycle Evaluation, only five of which are known for certain to have nuclear explosives. Some of the five—including Britain—now fear that it may not be possible to demonstrate convincingly why a certain technology—say, a thorium fuel cycle for reactors, or laser enrichment—is a proliferation risk, without pointing a would-be bomb-maker down the very path they would wish to barricade.

* The Windscale Inquiry, HMSO, [illegible]

Letters to the Editor

Changing unions

From Mr. P. Cox.

Sir,—In his letter (May 4) Mr. Webb highlights the attitude of the Advisory Conciliation and Arbitration Service in support of the TUC-led large unions. The situation is worse than he fears.

Earlier cases of managerial and professional unions, such as U.K. Association of Professional Engineers and the Engineers and Managers Association, seeking recognition which have been referred to ACAS, have all been dealt with in the same way. In spite of major support by the staffs concerned for these unions, ACAS has shied away from making any recommendation which might upset the established pattern of shop floor union domination.

The frightening aspect as far as the future health of the country is concerned is that in the particular cases, the Engineering Employers Federation and British Shipbuilders appear entirely indifferent to the submergence of their managerial and professional staffs in the labour dominated unions, and have supported the TUC representations to ACAS. This will help towards a quieter life for negotiations with unions but *will* do nothing to aid the economic development the country needs. Unless employers are prepared to recognise and encourage the leaders on whom our wealth and wellbeing depends, we cannot expect anything other than a continuation of our slow deterioration.

We have a difficult task in the next *few* years to adapt the economy *to accept* the *major* technological advances which are now upon us—the silicon-chip revolution is one major facet—and this will require all the skill and leadership we can command. Does *Mr. Mortimer*, of ACAS, recognise this and if he does has he the courage to help us in the right direction?

Peter A. Cox.
Three Gables,
10, West View Road,
Warlingham, Surrey.

Arbitration and conciliation

From Mr. J. Webb.

Sir, — I must apologise for sending an uncorrected copy of my letter on arbitration and conciliation (May 4)—the *opening of the second paragraph* should of course have read that there was a majority response in favour of representation by the Association of Polytechnic Teachers in *two* of the three polys and *not* (as I had it typed) *all* of the three.

I trust that the fact that the Polytechnic of North London was mentioned as the lone dissenting voice later in that paragraph, and in *Alan Pike's article* on Page 8 in the same issue will have undone the damage.

Alan Pike's article nicely underlines the "Catch 22" aspect of recognition—that a union without *national* negotiating responsibilities finds difficulty in getting recognition for local negotiation—without which it is unlikely to obtain the recognition for national negotiation, necessary for it to be *recognised* locally and so on and on in a circular trap.

John Webb.
Barham House, 33 High Street,
Hampton, Middlesex.

Sharing the profits

From Mr. B. Cole.

Sir,—Your report (May 3) on the changes in the Dutch system of profit sharing has implications for the British situation which may escape many of your readers. Briefly, the new centre-right Government has already (after four months in office) "made significant changes to its left wing predecessor's plans for excess profit sharing."

Is it not inevitable, when Governments interfere in the details of business, that such wasteful and inefficient moves will follow any change of Government? To make confusion worse, you say that the scheme "will take effect retroactively from January, 1977, although many companies are already distributing dividends from 1977 profits." Again one recognises the danger of retrospective legislation nearer to home!

Business (that is, managers and trade unions) must be able to plan ahead, and adjust their policies to a realistic appraisal of their future situation. This sort of arbitrary and unreasoning change in policy makes this impossible when such a fundamental aspect of personnel policy as a profit sharing scheme depends on the whim of Government.

The only solution is for Governments to refrain from this level of interference in business. The lesson should be heeded by the Liberals and Conservatives, who advocate *legislation* on profit sharing, and by the Labour Party, who cynically bought Liberal votes with discriminatory tax advantages to favour some schemes—and certainly not the most effective.

Incidentally, a better attitude by Governments might be encouraged by more responsible reporting in the Press. You describe (May 4) the recent Marks *and Spencer bonus* as a "*profit* share scheme," no doubt reflecting the company's own description of it to their staff. Of course any payment to employees can be described as "*profit* sharing," but it is not useful to apply the term indiscriminately. In brief, the Marks and Spencer scheme seems to be a bonus paid this year (with no undertaking ever to repeat the payment), from which tax is deducted, and which is paid in the form of shares. Employees are free to sell the shares immediately if they wish. Surely the payment of a bonus in shares instead of cash is not of itself sufficient to warrant the term "profit sharing"?

B. A. Cole.
"Drake Wood."
Devonshire Avenue, Amersham,
Buckinghamshire.

Sounder footing for cricket

From the Hon. Fixtures Secretary,
Watford Town Cricket Club.

Sir,—Many cricket followers must have shared my disappointment *with Trevor Bailey's* remarks (May 8) that in the Benson and Hedges Cup competition, "matches against two minor counties teams . . . have negligible appeal."

The current balance of playing power has, in these games, produced predictable results which have subsequently aroused precious little comment, but the fact that the scope of the competition has been widened *in this* manner must be seen as a commendable move by the authorities/sponsors.

In order to put cricket on to a commercially sounder footing—the basis of *Mr. Bailey's article*—such schemes to attract a wider audience deserve the fullest consideration. The three "one-day" competitions all involve some matches on grounds where first-class cricket is an unusual *occurrence*. These matches regularly attract substantial crowds by virtue of their rarity in the town concerned. Lancashire will play one of their Benson and Hedges Cup games in Watford and the interest already aroused in the area indicates that the fixture will be another valuable money-earner for the sport.

The authorities are, at last, taking cricket to the people instead of relying on the loyal support at traditional venues (often in rural locations, poorly served by public transport). Their efforts are not to be deprecated.

R. Bayliss,
10, Dorchester Court,
Chalk Hill,
Oxhey, Watford, Herts.

Shipping in trouble

From Mr. G. Bonwick.

Sir,—We read Lex's comments (May 6) on the "U.K. shipping crisis," with interest. Crisis or not, there can be no doubt, as he wrote, that some companies are running into serious financial difficulties. Indeed, it is true to say that a number of little-known minor concerns have been in trouble for months.

Yet only last September, at the annual conference of the TUC, *Mr. E. Nevin*, general secretary of the Merchant Navy and Airline Officers' Association, spoke of the "modern and prosperous" British shipping industry and claimed that British shipowners *had enjoyed a "bonanza" and* "excess profits" because they "have not had to pay the European rate for the job"!

The March issue of the MNAOA's journal, "The Telegraph," we noted, reported on an order being placed for a new type of bilge monitor. It disappointed us to learn that it was not intended for the general secretary's own use.

G. J. Bonwick.
Mercantile Consultants and Investments,
17, Chestnut Avenue,
Wokingham, Berks

The price of gold

From Mr. H. Irvine-Fortescue.

Sir,—Mr. Adrian Gray (April 28) is *right to draw attention* to the quite sharp fluctuations in the price of gold. The recent fall to $170 an oz. has of course been caused by the U.S. monetary authority announcement to sell gold from its stock at regular intervals. This coincides with regular International Monetary Fund sales and, more recently, with the Indian Government's decision to off-load some of its gold stock.

If we look at gold's price fluctuations since May 1977 (approximately $140-$180) we see that there is a certain degree of stability about the mean at $160. I believe that gold, as a long-term hedge against paper money devaluation, has no equal though I must admit that Governments can depress the price by selling from stock.

H. Irvine Fortescue.
The Old Dairy House,
Trentham
Stoke-on-Trent.

The addax and the oryx

From the Head of Information,
World Wildlife Fund.

Sir,—The *increasing* military activity in Chad reported on May 5 has not only serious political significance.

Some of Africa's most threatened animals are found in Chad, including the addax and scimitar-horned oryx, which are big desert antelope distinguished by their magnificent horns. The World Wildlife Fund has for some time funded projects for the protection and management of the last remaining herds of addax and scimitar-horned oryx in Africa's Sahelian zone. In Chad these animals are legally protected.

Apart from killing by nomads who hunt the antelope with dogs, and nets made from antelope tendons, one of the most serious problems facing these highly endangered species has always been shooting by armed forces engaged in guerrilla warfare. As the conflict intensifies it must be hoped that the status of the addax, scimitar-horned oryx and other threatened desert species will not deteriorate further.

Janet Barber (Miss),
29, Greville Street, E.C.1.

Leasing cars

From the Managing Director,
Motolease.

Sir,—I was interested in the letter from Mr. Tony Ring (May 3) alleging that your survey on the leasing industry did not deal clearly with the legislative position. I think *there is some misunderstanding* surrounding the use of the term "residual values." The leasing industry in the United Kingdom is running at an annual level of £600m., the bulk of which is by "*full pay-out leases,*" *that is* where the "residual value" is nil. The ability, however, to enter into a lease where a proportion of the initial cost is deferred to the end of the lease term ("*open end lease*") is clearly extremely attractive since in practice it represents a fixed term loan at a fixed rate of interest and often not from the usual sources of credit.

The confusion as to the position at the end of the lease arises from the misconception that the proportion that is left until the end of the term ("residual value") is a guaranteed price at which the car will be sold back to the hirer. This is not the case: the vehicle can never be sold to the hirer as this would convert the leasing transactions into a hire purchase agreement. The residual value is merely the *amount which the lessor company expects* to receive in order to repay its principal outstanding, and it need not bear relevance to the market value. The legislation already requires *the car to be sold at full market* value and in practice reputable leasing companies will rebate the bulk of the excess of the market value over the residual value back to the hirer, which amount *will* be treated as *income* and assessable to tax accordingly. The open end lease is attractive irrespective of the hirers' tax position or the cost of the car.

Moreover, Mr. Ring states that there is no tax advantage in leasing cars of less than £5,000 in value, but in fact genuine leasing companies are able to take advantage of first year allowances, and the financial benefit of this is incorporated in the leasing rate, thus enabling the hirer to obtain an advantage which is otherwise excluded by Section 43, Finance Act 1971, regardless of the value of the car.

It is interesting to note that some 80 per cent. of all company cars in America are leased, and with some £3bn. being spent in the United Kingdom on company cars and their running it is important this valuable financial tool be available to and thoroughly understood by management and their advisers.

Michael Goddard,
1, Great Cumberland Place, W.1.

Today's Events

GENERAL

Treasury issues details of Central Government financial transactions, including borrowing requirement (April).

European Parliament in session, Strasbourg.

TUC Economic Committee meets.

Publication of Government consultative document—"A Review of Monopolies and Mergers Policy" (Cmnd. 7198).

Mr. Roy Hattersley, Prices Secretary, addresses Electrical Contractors' Association annual conference, Eastbourne.

Transport workers lobby Parliament on pay.

Amalgamated Union of Engineering Workers' conference continues, Worthing.

Civil and Public Services Association conference continues, Brighton.

Society of Civil and Public Servants' conference discusses pay, Bournemouth.

PARLIAMENTARY BUSINESS

House of Commons: Finance Bill, committee.

House of Lords: Solomon Islands Bill, third reading. Scotland Bill, committee.

Select Committees: Expenditure (Trade and Industry sub-committee). *Subject: Measures to prevent* collisions and strandings of noxious cargo carriers in waters around the U.K. Witnesses: Department of Trade (10.30 a.m., Room 16). Unopposed Bills Committee meets on British Railways Bill and Union Theological College of the Presbyterian Church in Ireland Bill (4 p.m., Room 9). Expenditure (Social Services and Employment sub-committee). Subject: Employment and training in *the new unemployment situation.* Witness: Mr. Albert Booth, Employment Secretary (4 p.m., Room 15). Public Accounts. Subject: Appropriation accounts. Witnesses: Department of Industry; Scottish Economic Planning Department; Welsh Office (4 p.m., Room 16). Overseas Development. Subject: Re-negotiation of Lome Convention. Witnesses: HM Treasury (4.30 p.m., Room 6). Expenditure (Environment sub-committee). Subject: *Planning procedures.* Witness: Mr. Reginald Freeson, Minister for Housing and Construction (5 p.m., Room 5). Parliamentary Commissioner for Administration. Subject: Review of access and jurisdiction. Witness: Sir John Bancroft, Head of the Home Civil Service (5 p.m., Room 7). Race Relations and Immigration. Subject: Effects of EEC membership on race relations and immigration. Witnesses: *Officials* from Department of Health and Social Security and Department of Education and Science (5 p.m., Room 11).

COMPANY RESULTS

Akroyd and Smithers (half-year). Allied Irish Banks (full year). Royal Insurance (first quarter figures).

COMPANY MEETINGS

BTR, Caxton Hall, S.W., 12. Gibbons Dudley, Birmingham, 12.15. Gibbs and Dandy, Luton, 11.30. Hewitt (J.) and Sons (Fenton), Stoke on Trent, 12. Ibstock Johnsen, Hyde Park Hotel, S.W., 12. Jardine Japan, 3, Lombard Street, E.C., 12. Ottoman Bank, Great Eastern Hotel, E.C., 12.30. Royal Insurance, Liverpool, 12. Robinson (Thomas), Rochdale, 12.

MUSIC

Deborah Baillier (violin) and David Miller (guitar), Guildhall School of Music and Drama, Barbican, E.C.2, 1.10 p.m.

London Mozart Players, conductor Harry Blech, in programme of Mozart and Haydn, Royal Festival Hall, S.E.1, 8 p.m.

COMPANY NEWS + COMMENT

United Scientific well ahead halfway

REFLECTING INCREASED levels of trading and including results from the recently acquired Optic Electronic Corporation, pre-tax profits of United Scientific Holdings were ahead by 56 per cent. for the six months to March 31, 1978 from £1.16m. to £1.81m.

Turnover jumped by 104 per cent. from £6.27m. to £12.81m. and the directors say that it is anticipated that both turnover and profit for the second half should be maintained at a level similar to that of the first half. Profit for the whole of the 1976-77 year was a record £2.73m.

The forward order book for the group at the end of April stood at £27m., which currently represents just over 12 months turnover.

The new factory for the production of laser rangefinders at Taunton is now in operation and provides a substantial increase in capacity for the output of this equipment.

On capital increased from a scrip and a rights issue the interim dividend is effectively raised from 0.8333p to 3p net per 25p share—last years final was 1.3052p.

● comment

Stripping out Optic Electronic, United Scientific's first half profits are only 37 per cent. higher on a sales gain of 43 per cent.—reflecting volume growth of about a fifth—while the shares stand on a premium rating. Moreover, the forecast implies unchanged profits from United Scientific in the second half and the shares fell 14p to 308p, giving a prospective p/e of 17 (maximum tax charge) while the yield is around 1 per cent. Clearly, if United Scientific is to justify this rating, it will have to get back on the growth path. In the meantime, exports have led the way and now account for around 70 per cent. of group sales, compared with half during the year 1976-77. Demand for the company's products (optical fire-control equipment mainly for military use) has continued to grow, with strong interest from South American Governments. The Taunton factory has now come on stream and capacity for the laser rangefinder, for which there are large orders, is double that of six months ago. Meanwhile, the acquisition of Dallas-based Optical Electronic gives the company a chance to break into the U.S. defence market, although competition will make this difficult, particularly for the laser rangefinder.

PILKINGTON'S NEW COMPANY

Pilkington Brothers and Harrisons and Crosfield have set up a joint company which will carry on the business of their previously separate Tyneside glass merchant operations. Twelve wholesale retail outlets are involved, which employ 440 people. The new company will be called Elders Walker Millican.

INDEX TO COMPANY HIGHLIGHTS

Averys reaches £15.4m.

TURNOVER FOR 1977 of Averys which manufactures weighing testing and measuring machines, expanded from £87.14m. to £100.15m. and pre-tax profits rose from £14.67m. to £15.4m. with £6.38m., against £5.7m., coming in the first half.

Earnings are shown at 18.8p (16.9p) per 25p share and the dividend total is lifted from 5.20146p to the maximum permitted 5.80963p net with a final of 3.88224p. A supplementary dividend of 0.05347p is also proposed for 1976 following the reduction of ACT.

	1977 £000	1976 £000
Turnover	100,146	87,145
Trading profit	15,039	14,778
Invest income	224	135
Share of assocs	138	179
Profit before tax	15,401	14,672
U.K. tax	5,103	4,544
Overseas tax	3,084	3,491
Net profit	7,214	6,625
To minorities	284	401
Extraord. credits	1,097	56
Attributable	8,028	6,292
Interim dividend	712	647
Proposed final	1,432	1,282
Supplementary div.	20	—
Retained	5,864	4,411

● comment

Averys' unexciting 5 per cent. rise in pre-tax profits last year compares with an exceptionally strong 1976 which had the benefit of three non-trading factors—including an exchange gain of £1m. This time the group incurred an exchange loss of some £300,000 which fell in its important second half. Excluding these exceptional factors, Averys' latest figures suggest some satisfactory growth in its weighing and testing machine and general products divisions at home, where it managed to increase its market share. On the other hand, its international division showed no significant headway after the good increase in 1976. With both sales and orders at home and overseas currently running ahead of 1976 levels, Averys is looking for further improvement in pre-tax profits this year. At 148p, the shares yield 6.1 per cent. on a p/e of 7.7.

21% growth for Smith & Nephew

FIRST-QUARTER sales to March 25, 1978, of Smith and Nephew Associated Companies rose 5.5 per cent. of £42.57m. and taxable profit advanced 20.8 per cent. to £4.49m.

Operating profits improved from £4.46m. to £4.78m. and the increase at the taxable level was aided by an exchange gain of £30,000, compared with a loss of £150,000. Interest amounted to £736,000 (£853,000) and associate companies gave £424,000 (£267,000).

After tax of £1,200,000 (£948,000) and minority profits £9,000 (£3,000), the attributable balance was £3.28m. (£2.77m.) and earnings per 10p share 2.19p (1.85p).

The tax charge excludes U.K. deferred tax. Had provision been made for this the attributable balance would have been £2.28m. (£1.91m.) and earnings 1.52p (1.28p).

For the last full year profits of this manufacturer of surgical, medical and sanitary products, textiles, clothing, toiletries and plastics, were £17.34m., from which a total net dividend of 2.4096p was paid.

● comment

First quarter pre-tax profits at Smith and Nephew are slightly better than expected. But much of the 21 per cent. increase is due to associates, together with lower interest charges and a currency gain of £30,000, against a loss previously of £150,000. Sales rose by only 5.5 per cent., continuing last year's slowdown, though the company points out that this figure would be 8.5 per cent. on a constant exchange rate basis. Medical supplies, where most of the sales go overseas, should continue to provide the bulk of earnings, while Gala, the troublesome U.S. cosmetics outfit, should continue its recovery though there are still problems. Competition is fierce, however, in the personal hygiene side and last year's improvement is unlikely to be matched in 1978 while raw material costs and interest rates are rising again. At 65p the shares yield 5.7 per cent. and stand on a historical p/e of 7.3.

Margins and imports hit Booth Intl.

AFTER RISING from £0.55m. to £0.64m. in the first half, pre-tax profits of Booth (International Holdings)—hide and skin merchants and tanners—finished 1977 down from £1.16m. to £1.05m. on turnover of £32.49m. against £26.1m.

Earnings are shown at 15.14p (20.64p) per 25p share and the dividend total is lifted from 3.97238p to the maximum permitted 4.3923p net with a final of 2.9073p.

Mr. G. W. Wilks, the chairman, says that 1977 was another good year but during the second half Booth, and the industry as a whole, were faced with erosion of sheepskin margins and the import of cheap leather, shoes and clothing.

With the problems of the second half continuing the group has made a poor start to 1978 and as yet there are few signs of any major improvement. However, with the wide range of its business the directors feel well placed to take advantage of the upturn when it arises, particularly as 1977 has been a year when the group has paid a great deal of attention to improving its technical performance.

GOODE DURRANT

IT WAS reported in later editions yesterday that shareholders funds of Goode Durrant and Murray stood at £3.5m. In fact this should have been £8.6m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Averys	3.88‡	July 1	3.48	5.81	5.2
Bank of Ireland	10	July 7	8.25*	15	11.25*
Barlows	7.87	July 3	7.87	7.87	7.87
Barr & Wallace Arnold	3.72	July 6	3.33	3.77§	3.33
Booth Intl.	2.91	July 31	2.59	4.39	3.97
British Northrop	6	July 1	nil	6	nil
Cedar Investment ...int.	1	June 5	0.9	—	2.5
Central & Sheerwood	1.23	July 3	1.11	2.35	2.11
FPA Construct.	nil	—	0.63	0.5	1.13
P. C. Henderson	2.82	July 1	2.5	4.36	3.94
Investors Capital ...int.	0.7	July 3	0.6	—	1.65
Lesney Products	1.85	July 3	1.66	2.91	2.6
Mallinson-Denny	1.54	June 29	1.5	2.79	2.5
P.S.I.T.	1.9	—	1.75	2.8	2.5
Richards ...int.	0.25	June 1	0.22	—	1.04
Utd. Scientific ...int.	3pt	—	0.83*	—	2.14
Westward TV ...int.	0.6	June 20	0.55	—	1.65
Wire & Plastic	1.34	July 1	1.23	2.14	1.93

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.05347p for 1976. § Includes a 0.05119p supplementary payment for 1976.

Mallinson-Denny falls in second half

FOLLOWING AN increase in the first half from £4.27m. to £4.65m. Mallinson-Denny, the international timber group, fell in the latter half and finished 1977 with taxable profits down from a peak £9.27m. to £9.07m. on external sales ahead to £190m. against £166.1m.

The directors state that after a good start in 1977, there were a number of problems to overcome in the last eight months: a sharply falling sterling price of softwood timber went with the lowest level of U.K. demand in the building trade for many years, causing a squeeze on margins in that sector and a measure of stock loss.

Nevertheless, the result of the year in U.K. and Europe was an improvement overall, they say. A few individual companies in the group still under-performed, and of them the majority already shows an improved situation in 1978.

At the end of April, U.K. turnover in money terms is ahead of the corresponding period of 1977, they add, even with a lower average price level.

The strength of the pound at the year-end required a heavy provision for the trade indebtedness of the group's Eastern subsidiaries in medium term sterling, accounting for a large part of the fall in profits in that area.

Earnings per 25p share are down from 8.82p to 8.03p and the dividend is lifted to 2.7923p (2.5p) net, with a final of 1.5423p.

In the second half of 1977, the directors state, Australia suffered severe national economic problems, particularly in the building trade, from which the group's subsidiary there was not immune.

In Thailand, the flooding in late in the year of tractor shipments, delayed by strikes at Mallinson's suppliers, created a large stock surplus at the year-end, which is now being satisfactorily reduced, they explain.

A significant short-term result of these problems was that at the year end, while U.K. stocks and borrowings had been held constant, there was a considerable overseas increase in both. The overall effect, coupled with the high cost of money in the early part of the year, was to create an increase in 1977 interest charges, and their reduction is one of the positive factors in 1978 to date, they say.

There was an extraordinary debit this time of £0.43m. (£0.48m. credit) which is wholly related to the application of the stronger exchange rate of sterling as at December 31 to the valuation of the group's overseas assets.

● comment

Not a lot was expected from Mallinson-Denny in its second half for the timber cycle was working against it. Timber prices were falling due to Scandinavian devaluations, and the movement of sterling was not working in the group's favour. The group's exposure to the overall weak timber cycle was complicated by a couple of unforeseen difficulties at the half way stage: namely a strike at one of its principal suppliers of tractors Massey Ferguson which upset the group's stock position, and a sharp downturn in the Australian economy. Australian profits dropped from £527,000 to £321,000. So Mallinson has done well enough to bring full year profits just below expectations. Stock losses in the last financial year were around £900,000, while currency movements which affected some medium term ECGD finance and start up costs elsewhere took out another £500,000 between them. In the balance-sheet, distorted by the erratic stock position of tractors, working capital rose by 14 per cent. to £57m., while net short borrowings climbed from £10.4m. to £14.3m. The current year looks more promising. Demand is picking up, and currencies are once again working in the group's favour. In addition four of last year's six loss making companies are now making profits. At 48½p the shares stand on a P/E of 5.8, and yield 9 per cent., which is attractive.

Westward TV up so far

NET ADVERTISING revenue of Westward Television for the half year to January 31, 1978, rose from £2.56m. to £3.67m. and trading profit was up from £616,000 to £932,000 after depreciation of £108,000 against £77,300.

After Exchequer levy £548,000 compared with £278,000 and tax £200,000 (£176,000) net profit emerged as £184,000 (£162,000).

Mr. Peter Cadbury, the chairman, says he has every reason to suppose that, "our annual accounts will show a similar increase in revenue and profits."

The interim dividend is lifted from 0.55p to 0.6p net per 10p share—last year's final was 1.1p paid from net profits of £300,141.

The chairman adds that Air Westward is a diversification that he has every reason to suppose will strengthen the company on the financial side, and over the next few years make a substantial contribution to profits, which will not be subject to the levy.

Substantial increases, he says, have been made in the company's production budget, and nearly £400,000 has been added to the company's expenditure programme so far this year.

● comment

Westward's advertising revenue is riding on the crest of a wave. Revenue is up by 43 per cent. in the six months to end January compared with industry figures showing a 32 per cent. increase. So the earlier forecast of approaching £7m. for the year, implying an increase of 23 per cent., is already looking out of date. Trading profits are up 51 per cent. but after the Exchequer levy the gain is whittled down to under 14 per cent. Hence the programme of diversification into non-levy profits. However the airline business demands a fair lump of capital investment. In the last accounts cash and deposits were shown at £926,000. The three aircraft already bought cost £600,000. The question for shareholders is when this operation can justify the investment. The Board hopes to give more information at the year end but early trading is showing a good return. Meanwhile the television contracting business remains strong. Advertising revenue continues buoyant and revenue should easily top £7m. implying trading profits close to £2m. before the levy. At 25½p the prospective yield of 11 per cent. is at the top end of regional companies, with a fully taxed prospective p/e of 7.8 is a high enough rating.

ISSUE NEWS

Sellars aims for full listing

Irvine Sellars, a private clothing retail chain is considering the possibilities of getting a full Stock Exchange listing within the next 12 months.

Reporting full year profits for the year to January 28, 1978, the founder chairman, Mr. Irvine Sellars, said yesterday that the final decision of whether to go public or not depended upon his own financial position and the state of the Stock Market. But if the market looked strong enough the company would go for a listing regardless of his own position.

The company which trades under the "Mates" fashion names and operates through 35 retail outlets on a nationwide basis, was set up by Mr. Sellars in 1965 and was one of the pioneers of dual trading (both mens and womens fashion clothing sold at the same store).

At present, the founder owns 60 per cent. of the capital, Barclays Merchant Bank has 13 per cent., Friends Provident about 3 per cent., and 23.9 per cent. is owned, by Abingworth, the company set up by Anthony Montagu and Peter Dicks.

Yesterday the chairman announced pre-tax profits of £812,608 (£503,347) for the year ended January 1978. Turnover amounted to £8.96m. (£7.31m.) including VAT.

There is an exceptional profit of £409,575 (debit £134,319) on property sales. Apart from retailing the company is in the business of "buying and selling property," and the latest figures show property assets of £2m.—basically retail outlets.

Mr. Sellars said he was considering opening between 15 and 20 stores this year. This would involve an investment of up to £1m. which would be financed from the company's own resources.

The company is also looking at the possibilities of acquisitions. At present, a couple of unquoted companies are under examination—both retail operations. Also Sellars is thinking in terms of reversing into a listed company as a way of getting a full Stock Exchange listing. Possibly a small textile company would be considered.

Initially these acquisitions will be financed from the company's own resources—there is very little existing gearing — though a medium term loan is under negotiation which could raise in the area of £½m.

Wellco £½m. rights

Wellco Holdings, distributor of electrical appliances, property developers and building contractors, is proposing a £530,000 cash call from shareholders.

A rights issue on the basis of four-for-eleven is proposed at a price of 20p each. In the market the shares closed 1½p lower at 24p. The issue is underwritten.

The company is also forecasting profits of £580,000 (£506,000) for the current year and a big increase in the dividend.

The purpose of the rights issue is to finance the repayment this June of £514,021 of 6½ per cent. Unsecured Loan Stock 1978.

The directors consider that the increased borrowing base, created through the rights issue, will be sufficient to meet the demands for additional working capital deriving from a continuing increase in the level of turnover in the electrical distribution and manufacturing division.

Also cash is needed for investment in relocating and expanding the company's Midland's distribution depot and to establish a depot in Scotland.

Expansion via acquisition will be considerably improved through a strengthening of the company's equity base.

Wellco also announces half-year figures for the period ending December 31, 1977. Pre-tax profits are shown at £296,000 (£267,000) after interest of £27,000 (£22,000). Turnover is reported at £3.53m. (£2.79m.).

An interim dividend of 0.175p (0.1625) is declared and the Board is forecasting a final dividend of 0.95p making a total of 1.125p (0.5p).

Yearlings up to 9½%

The coupon rate on this week's batch of local authority yearling bonds is up from 9¼ per cent. to 9½ per cent. The issues are at par and dated May 16, 1979.

This week's issues are: City of Exeter (£½m.), Adur District Council (£½m.), City of Cardiff (£1m.), Chester-le-Street (£½m.), Cumnock and Doon Valley District Council (£½m.), Northampton Borough Council (£½m.), Borough Council of Gateshead (£½m.), Metropolitan Borough of Sandwell (£½m.), Stroud District Council (£½m.), London Borough of Redbridge (£½m.), Hyndburn Borough Council (£0.2m.), Beaconsfield District Council (£½m.), Midlothian District Council (£1½m.), Falkirk District Council (£1m.), Windsor and Maidenhead Borough Council (£½m.), Dunfermline District Council (£½m.), Castle Morpeth District Council (£½m.), Lichfield District Council (£½m.).

The West Glamorgan County Council has raised £¾m. of 10¾ per cent. bonds dated May 7, 1980 at par.

Ashford Borough Council has raised £½m. of 11¾ per cent. bonds dated May 6, 1981 at par.

The Borough of Milton Keynes has raised £½m. of 11¾ per cent. bonds issued at par and dated May 5, 1982.

Mid Devon District Council has raised £½m. of variable rate bonds dated May 5, 1982.

The Borough of Wolverhampton and Blackburn Borough Council have raised £½m. apiece of variable rate bonds dated May 4, 1983.

PLA gives assurance

The Port of London Authority wishes to assure holders of the £4½m. Port Stock maturing on August 1, 1978, that repayment will be made in full on the due date.

None of the remaining £19½m. outstanding in respect of Port Stock falls due for repayment before 1990. "This gives ample time for the resolution of our existing problems."

Under The Port of London Authority (Borrowing Powers) Revision Order 1971, Section 54 (1), Port Stock issues are "secured on the assets for the time being of the Port Authority, on the port fund and on the revenues of the Port Authority."

Central & Sheerwood £1.37m. expansion

PRE-TAX profits of Central and Sheerwood rose from £3.34m. to a record £4.71m. for 1977 after £2.01m., against £1.46m. at half-time. The directors then said that the level of group trading indicated that second-half profits would exceed those of the first. They now say that the present level of activity in the subsidiaries *indicates* that the continuous and considerable growth in group profits should be sustained through 1978.

Earnings per 5p share before extra-ordinary items are shown as 6.32p (4.92p) and the dividend is stepped up to 2.33391p (2.1075p) with a final of 1.22891p net.

Pre-tax profits and turnover, £63.82m. (£53.05m.), include Photopia International for its accounting period of eight months to end 1977, amounting to £6.05m. and £0.64m. respectively, and exclude the results of subsidiaries disposed of during the year.

The directors state that Newton Chambers Engineering again increased profits substantially and Ransomes and Rapier, despite the continuing depression of the construction industry had another very successful year exporting, both directly and indirectly, over 55 per cent. of turnover.

Spare capacity still exists in both companies they say, and there are interesting prospects including the potential arising from technological innovations in Newton Chambers Engineering and the re-entry of Ransomes and Rapier into the field of walking draglines. The first of the giant draglines to be delivered in 1978 to the U.S. is at present being erected in Pennsylvania and should be in operation in June. No profit arising from walking draglines is included in the 1977 figures, they add.

The Holcombe group, which now includes in addition to the Dunn aluminium casting companies the merged Trianco Redfyre heating appliance business and Dawson MMP, achieved further significant increase in profits. Prospects for 1978 in all of Holcombe's activities are excellent, directors state.

The profit performance of the *group's latest acquisition*, Photopia International, lived up to expectations at the time of offer, they report, and should make a valuable contribution to group results in the future.

The financial services division increased profits significantly in the somewhat improved financial climate and the printing and publishing companies performed satisfactorily.

	1977 £000	1976 £000
Turnover	63,818	53,053
Profit before tax	4,710	3,344
Tax	2,390	1,772
Net profit	2,320	1,572
Minority interests*	298	†3
Extra-ord. debits	162	79
Attributable	1,860	1,496
Dividends	733	675

* And profits of subsidiaries prior to acquisition, including £245,000 of Photopia. † Profit.

● comment

Even without the benefit of profits from substantial walking dragline contracts (still to come) Central and Sheerwood has managed to push pre-tax profits more than two fifths higher. Over *40 per cent. of the latest overall* improvement has been provided by the crawler cranes company Ransomes and Rapier which turned out around £3m. in taxable profits, thanks mainly to exports, which now account for 55 per cent. of sales. Improvement was also seen in the Holcombe Group which is now benefiting from reorganisation and at Newton *and Chambers, which pushed its* contribution up from £300,000 to around £500,000. While there was a first time contribution from Photopia (eight months) this would almost have been balanced by the group disposal of its 60 per cent. Stockfis stake during the year. The balance sheet has been strengthened by disposals and reorganisation and net short-term debt is *down from £4.12m. to* £971,000. The dragline contracts shouldl be showing through in the p & l account in the second half, so it is hardly surprising that the group is looking forward to an overall improvement at least as good as last year. At 52p the shares yield 7 per cent. and stand on a p/e of 8.

Mercantile Credit upsurge

Mercantile Credit Company, a member of the Barclays Group, reports record group operating profits for the six months ended March 31, 1978, of £13.9m., compared with £4.4m. *for the first* half and £15.9m. for all of 1976-77.

The profit has been further increased by a credit made in 1974 and in 1975 against the property portfolio. In September, 1977, a credit of £2.2m. was made from the provisions.

Profit before tax for the six months is £15.7m., compared with £4.4m. for the previous first half and £18.1m. for all 1976-77.

Results have been assisted by a higher level of business combined with much lower costs than a year ago. However, the *current* cycle in interest rates is beginning to move into a less favourable trend, say the directors.

Lesney down £2m. after currency adjustments

TURNOVER for the 52 weeks to January 29, 1978, of Lesney Products and Co., the "Matchbox" toy group, rose by 12 per cent. to £62.1m., but, with a currency gain of only £0.5m. compared with £2.9m. last time, pre-tax profits fell from £10.07m. to £8.02m. Ignoring currency gains profits are 5 per cent. *higher*.

At midway profits stood at £2.47m. against £3.09m. including £0.47m. (£1.16m.) of currency gains.

After tax, on the ED19 basis, of £3.31m. (£4.82m.) full year earnings are shown at 14.07p (15.72p) per 5p share and the dividend total is lifted from 2.6p to the *maximum permitted* 2.904p *net* with a final of 1.848p.

	1978 £000	1977 £000
Turnover	69.118	55.451
Profit	9.975	11.317
Net interest paid	471	369
Depreciation	1.489	1.060
Profit before tax	8,015	10,068
U.K. tax	1.059	2.348
Overseas tax	2.253	2.575
Net profit	4.703	5.247
Extra-ord. debits	813	†1.166
Available	3.890	6.413
Dividends	815	723
Retained	3.075	5.690

† Credit.

Profit and loss accounts have *been translated* at the average rates for the period in place of *closing rates.* Had *this change* not been made profit before tax would have been £301,000 lower. Balance sheets continue to be translated at closing rates.

Following ED19 provision for deferred tax no longer required £3.5m. has been transferred to reserves. Had this change not been made, the tax charge for the current year would have been £1.05m. greater.

Extraordinary items comprise adjustment on translation to sterling of earnings and net current *rent assets of overseas subsidiaries* of £0.91m. debit (£1.17m. credit) and surplus on debenture redemption of £99,000 (nil).

Mr. P. M. Tapscott, the chairman, says the balance sheet reflects the impact of continuing corporate expansion. Gross investment in fixed assets was £4.2m., of which about half was absorbed by new buildings in the U.K. and the rest by new plant. At the year end fixed assets stood at £15.89m. (£13.43m.), net operating current assets were £23.56m. (£17.66m.) and net short term borrowings came to £364,000 (£5.21m. deposits).

Mr. Tapscott states that against the background of a continuing world recession, the company made good progress.

Success in the international toy *market has now spread far from* the original small 'Matchbox' models, with an important place established both in model kits and in dolls as well as in powered toys such as 'Speed Track'. The success of Vogue Dolls in the U.S. since its purchase during 1976/7 has been particularly encouraging.

The parallel development into industry has been furthered by the recent conditional contract to purchase *Metal Castings Doehler* at Worcester from its American parent. This acquisition carries Lesney from zinc into the complementary aluminium diecasting field and meets the corporate objective of around 15 per cent. to 20 per cent. of sales from sorces other than toys.

Certain holders of Restricted Voting Ordinary shares have requested that their shares be granted voting strength equal Ordinary shares.

After consultation with their advisers, the directors have decided that it is not appropriate to put separate proposals to posals to this end. The circumstances in which the R.V.S. would become *Ordinary* shares are already defined in the articles of association, says Mr. Tapscott.

Mr. Leslie Smith, the *managing* director, says Lesney feels in a buoyant mood. It has made a good start to the year and has developed its product range in some considerable depth.

Lesney has been working on *development for the last four-to-*five years and this year will be spending £3.5m. on moulds for new products. "This constant development over the years is our success." says Mr. Smith.

The company is still looking around for acquisitions internationally both in toys and industry. members are told on current year's profits Mr. Smith says "They must be positively better than this year."

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Akroyd and Smithers, Pretoria Portland Cement, Tricoville, Wellco, George Whitehouse.

Finals—Allied Irish Banks, Bishopsgate Trust, British-Borneo Petroleum Syndicate, Dertend Stamping, External Investment Trust, J. Foster, Heal, Jersey General Investment Trust, KCA International, Queens Moat Houses, Sellncourt, Third Mile Investment, Transatlantic and General Investments.

FUTURE DATES

Interims—	
East Driefontein Gold Mining	June 13
Herman Smith	May 11
Kloof Gold Mining	June 13
Finals—	
Coalite and Chemical Products	June 1
Doornfontein Gold Mining	June 13
Hinton (Amos)	May 15
Libanon Gold Mining	June 13
Venterspost Gold Mining	June 13
West Driefontein Gold Mining	June 13

Electrical & Industrial set for progress

The *profit* rise by Electrical and Industrial Securities in 1977 reflects advances by the Kontak and Finch Watson subsidiaries more than offsetting the decline by Hick Hargreaves which fell short of its target due to industrial action during September.

The Hick Hargreaves profits (which fell from £665,000 to £476,000) also had to bear the cost of machinery installation and improvements to workshops and changes in plant layouts and all of this was carried out while maintaining production. Prospects for this company are excellent and steps are being taken to secure a higher level of output, states Mr. M. Q. Walters, chairman.

At Kontak, where profits rose from £275,000 to £457,000, a serious downturn in demand for jet engine products was offset by demand for hydraulic components for the agricultural equipment industry. Some slight improvement in demand for Kontak's engine components is now apparent and its range of hydraulic products appears to give some degree of protection from the downturn in the world demand for tractors. The chairman sees scope for future development of Kontak's business.

Profits of Finch Watson (suppliers of equipment to the footwear industry) were more than doubled from £103,000 to £247,000. The chairman says that progress in this company is mainly due to growth in its merchanting activities rather than from an increase in production. Most of Finch's output continues to be exported to the Middle East, Africa and South America.

Other uses for this company's machines are becoming significant particularly for the manufacture of baseballs and soft balls for the U.S. markets.

Summing up the chairman says that the group's prospects for 1978 appear satisfactory and all companies have clear growth prospects. As cash was used for the acquisition of C. F. Taylor group profits will be almost wholly earned in the operating companies and not supplemented by interest from large cash deposits.

Including interest receivable of £126,226 (£174,083) group pre-tax profit increased from £1.3m. to £1.41m. in 1977.

Prior to the Taylor acquisition the group had short-term deposits of £1.76m. (£1.51m.) and bank balances and cash of £0.11m. (£46,435).

It is intended to procure a professional valuation of Taylor's properties this year. EIS states that the acquisition will give rise to an increase in group reserves of £1.2m. subject to the outcome of the revaluation.

Meeting, Brewers' Hall, EC., June 9 at noon.

Midterm rise at Cedar Investment

Revenue of Cedar Investment Trust rose from £563,818 to £594,850 in the half year to March 31, 1978, subject to tax of £205,907 against £209,406.

The interim dividend is lifted from 0.9p to 1p net per 25p share. Last year's total was 2.5p and pre-tax revenue came to £1.36m.

The net asset value per share deducting prior charges at par but treating loan stock as fully converted was 86.4p at the half year end (89.8p at September 30, 1977).

PSIT earns more and pays 2.8p

Net profit of Progressive Securities Investment Trust emerged as £69,727 for the year *to March 31, 1978, compared with* £60,160 after a tax charge of £44,625 against £46,600.

The figures exclude results of subsidiary Kestrel Securities which turned in a net profit of £10,002 compared with a loss last time of £8,468

Gross income for the Trust was ahead from £124,678 to £182,872 and *the dividend is increased* to 2.8p (2.5p) net per 50p share with a final of 1.9p.

Utd. Biscuits hit by bad U.S. weather

Profits of United Biscuits (Holdings) in the first half of the current year have been adversely affected by bad weather in the U.S. and the effects of the U.S. coal miners' strike, which disrupted its Keebler subsidiary's output in January and February, *Sir Hector* Laing, the chairman, said at the annual meeting yesterday.

He told shareholders that, because of this, the profit increase for the first half is likely to be less significant than that expected in the second half, but that a satisfactory increase is anticipated for the year as a whole.

FPA passes on final

Turnover for 1977 of FPA Construction dropped from £23.68m. to £21.86m. and profits before tax fell from £415,000 to £270,000 after £197,000, against £207,000, for the first half.

With tax taking £118,000 (£213,000), full year earnings are given as 1.92p (2.55p) per 25p share and there is no final dividend leaving the interim of 0.5p net to compare with last year's total of 1.125p. The directors consider that the group's resources should be conserved for current trading.

Members are told that future prospects are very much dependent on the return of a healthy climate in the building industry. The ability to respond quickly and strongly when this happens is enhanced by the achievements in recent years in reducing borrowings and in curtailing loss making operations.

Reductions in borrowings of £1.3m. have been achieved during 1977. Because of high interest costs in recent years which have been written off as they have been incurred, profitability has depended greatly on the incidence of disposals of property developments. At the time of the interim statement in September, 1977, substantial progress had been made towards the sale of property developments.

Completion of all but two sales has been delayed until 1978 although in the case of one other development where the sale had been agreed by the year-end the directors have considered it appropriate to value this in the 1977 accounts at an amount equal to the realised sale price. The effect of this has been to include in the results for 1977 a profit of £317,000 which would normally have been credited in 1978.

In pursuance of the commitment to dramatically reduce involvement in property development, the directors have made provisions in respect of two sites which no longer justify further investment and of which early disposal is intended.

A number of property disposals which have been, or are in the process of being, completed since the year-end have contributed modest profits. But more significantly have helped towards achieving a further reduction in borrowings.

FPA Developments, a wholly owned subsidiary, has acquired for a nominal consideration of £1 the outstanding 50 per cent. of the issued share capital of FPA Devere formerly an associate. Substantial agreement of terms had been reached by end 1977 from which date the agreement became effective. FPA Devere is engaged in property development, the bulk of its working capital being already provided in the form of secured loans from FPA Developments amounting to £1.34m. At end 1977 there was a deficiency of assets attributable to the shares being acquired of £332,000 and losses before tax to that date were £16,560. The directors of FPA Construction say the acquisition will rationalise the group's property development activities and be a source of future profits.

ARMSTRONG EQUIPMENT

Armstrong Equipment has increased its involvement in the automotive replacement parts market by the acquisition of Gand Frictions. This now means that Armstrong will manufacture and sell a range of brake shoes and linings, disc pads and clutch linings.

It is not proposed to make any major policy changes to the role originally adopted by Gandy in the market place.

Richard Costain ahead by 55% to £36.2m.

DESPITE AN exchange loss of £2m., pre-tax profits of the Richard Costain group of public works contractors, etc., jumped by 55 per cent. from £23.31m. to a record £36.21m. in 1977 on turnover 21 per cent. higher at £432m. Stated earnings per 25p share are up 60 per cent. from 28.1p to 45p.

In September, reporting first-half profits up from £7.8m. to £11.52m. the directors forecast full-year profits comfortably in excess of those for 1976.

	1977 £000	1976 £000
Turnover	432,000	356,000
Trading profit	38,066	25,298
General trading	35,676	23,361
Rental income	2,365	2,023
Property sales	25	*156
Interest payable	1,854	2,064
Profit before tax	36,212	23,314
Tax	16,110	10,735
Net profit	20,102	12,579
To minorities	3,404	2,152
Extra-ord. debits†	2,619	33
Attributable	14,079	10,394
Pref. dividends	27	27
Avail. for Ordinary	14,052	10,367
Ord. dividends	1,282	1,157
Retained	12,730	9,210

* Loss. † Mainly differences on translation of overseas currencies and the amortisation of premium on acquisition.

An interim dividend of 3.4587p per share was paid in October, 1977, the maximum permitted under current legislation in respect of 1977. As noted in the interim statement, in the absence of unforeseen circumstances and assuming freedom from constraints, it would be the intention to pay in August, 1978, or as soon as practicable thereafter, a special dividend of not less than 6p per share net. It would also be the intention, provided that the level of profit in respect of 1978 justifies it, to recommend dividends in respect of 1978 totalling at least 10p per share net.

The directors intend to recommend a scrip issue of one new share for every two held on May 31, 1978. The new shares would rank for the special dividend but the proposed rates would be adjusted accordingly.

Orders on hand at end-March, 1978, were in excess of £700m, of which around three-quarters related to international operations. The directors expect both turnover and profit for 1978 to make a further advance.

Mappin & Webb up to £3.7m.

ALTHOUGH SECOND half profits declined from £2.79m. to £2.57m., the £0.5m. first half advance at Mappin and Webb, retail jeweller and silversmith, allowed pre-tax profit for the January 31, 1978, year to rise from £3.4m. to £3.67m.

Turnover for the year climbed from £21.19m. to £27.81m. After tax of £1.97m. (£1.7m.) net profit was virtually unchanged at £1.7m. The result came after interest of £0.32m. (£0.29m.).

The company is a subsidiary of Sears Holdings.

Shipbuilding Compensation

The Treasury announces an issue of about £4.9m. of 9¾ per cent. Treasury stock 1981 as a payment on account of compensation in respect of the unquoted securities of the following companies: Scott Lithgow, Scott Lithgow Drydocks, Vickers Shipbuilding Group, Vosper Thornycroft (U.K.), Vosper Shiprepairers.

This follows the recent announcement by the Minister of State that a payment on account has been authorised. The issue will be at a rate of £100 Treasury stock per £98 1/16 compensation on account, and is repayable at par on April 1, 1981. Interest will be payable half yearly on April 1 and October 1.

Barr & W.A.T. tops forecast

BETTERING a forecast 20 per cent increase, taxable profit of Barr and Wallace Arnold Trust for 1977 advanced from £1.1m. to £1.6m.

At midway when the directors made their projection the rise was from £604,000 to £902,000.

Full year earnings are shown to have risen from 22.18p to 28.8p and the final dividend is 3.7165p net. This with a supplementary payment of 0.05119p makes a total 3.76769p (3.3275p).

The company's interests lie in tour operations, car sales and a computer bureau.

Hestair warns on first half

A SHORTFALL in first half profits is likely at Hestair this year, Mr. David Hargreaves, the chairman, says in his annual statement.

He says that while in 1978-79 the weakness in the markets served by the engineering divisions is likely to persist, the employment bureaux and consumer products division are set to do well.

These divisions earn most of their profits in the second half, and so any group progress is expected to be concentrated in the second half, the chairman says.

Because of the flatness of international trade and the recession in the U.K. it is necessary to be cautious in assessing the coming year, he says.

In the special vehicles division, its new double deck bus has been successfully launched with over 150 orders. Several other products, including a refuse collection truck, should come to fruition this year.

While the year may not be an easy one for the division with home market demand low and good export orders harder to get, the directors believe the sales organisation is equipped to win a good share of the business available.

On the farm equipment side the short term outlook is not buoyant, with farmers taking a cautious view on new capital equipment.

Potato prices are weak as are orders for potato planters and harvesters. But sales of seed planters, cage wheels and hoes are beginning to recover.

There is much to be done to make this enlarged division a leading farm equipment supplier, but the foundations have been laid and a product development programme is underway, says Mr. Hargreaves.

In the U.S. the Stanhay Inc. subsidiary is considering how best to achieve local assembly. This will make it more competitive, and it has already made good progress in its direct distribution operation on the east coast.

Among consumer products, its Kiddicraft operation is set for profitable growth and Hestair Toys has recently launched new ranges of dolls and action figures and the range of jigsaws has been raised, with export sales 55 per cent. higher.

With employment bureaux, 12 new branches will be opened this year, and the budget for 1978-79 is for further progress in all sections of the business with emphasis on finding suitable premises in the south east of England, particularly London. Hestair has also successfully launched itself into the executive and overseas recruitment fields.

In the January 31, 1978 year Hestair increased taxable profit from £4.02m. to £4.26m. A current cost statement shows this reduced to £3.3m. by additional depreciation of £0.67m. and a cost of sales adjustment of £1.28m., offset by a £0.99m. gearing adjustment.

At year-end fixed assets stood at £8.94m. (£5.91m.), current assets at £27.09m. (£19.29m.), and current liabilities £21.84m. (£14.24m.).

Mr. Hargreaves points out that stocks are at £16.45m. (£11.39m.) partly owing to supply uncertainties. He points out that companies in the group for the past two years increased stocks 18 per cent., less their increase in sales.

Debtors also rose from £5.44m. to £10.35m., partly owing to less favourable Middle East contracts and partly because of high export invoicing at year-end.

Deferred tax provisions were written back in the year and allowed a £2.4m. reduction in goodwill to £2m.

Meeting, Hyde Park Hotel, SW, June 1 at noon.

P. C. Henderson re-establishes margins in second half

A drive to re-establish margins has successfully turned an unexceptional first half into a satisfactory outcome for the 53 weeks to March 4, 1978, says Mr. Pat Gaynor, chairman of P. C. Henderson Group, as he reports pre-tax profits of £1.33m. compared with £1.38m. At halfway a decline from £530,000 to £432,000 was announced.

The improvement is principally attributable to higher volume in the U.K. domestic market and to a temporary respite from the high rate of material cost increases which has been a feature of recent years, he explains.

The directors have devoted a lot of attention to a review of operations. As a result, they have taken a number of decisions. Alone of the overseas companies, the industrial door subsidiary in France has performed poorly. It has not shown the expected move towards profitability and therefore the directors are currently reducing its scope and ambitions.

In addition, they have rationalised the door closer product range and have discontinued the existing design of industrial rolling shutter doors in favour of the products made by Shutter Contractors of Enfield, an established manufacturer recently acquired.

	1978 £000	1977 £000
Sales	20,602	16,933
First half	9,030	7,294
Second half	11,572	9,639
Trading profit	1,504	1,329
First half	452	497
Second half	1,052	912
Currency losses	*22	*49
Stock obsolescence	145	—
Profit before tax	1,327	1,378
Tax**	564	473
Minority profits	15	19
Extra-ord. debit	†171	651
Available	577	915
Dividends	200	175
Unappropriated	377	740

Overseas currencies converted at average rates for the year. Reconversion of first-half profits at rates used for the whole year would have resulted in negligible charges to first-half reported figures, as would the use of 1978 rates to convert 1977 currency figures. • Realised net losses on remittances to the U.K. and provision for unrealised loses on currency balances outstanding at year end. * Profit. ** Prior year charge reduced from £704,000 following adoption of provisions of ED19 on deferred tax in 1978. † Provisions against future reorganisation costs and losses of Henderson France S.A. § Credit.

These decisions, which Mr. Gaynor is confident will bring substantial benefits to future group profits, have necessitated special charges which are shown as extraordinary and exceptional items in the accounts. These provisions are expected to cover all anticipated costs and losses which will arise from the action taken.

Stated earnings per 10p share are 16.3p (19.3p) and the final dividend is 2.815p net for a 4.355p (3.938p) total.

The group is a manufacturer of sliding door gear.

Richards looks to second half

Turnover for the half year to March 31, 1978, of Richards increased from £5.19m. to £6.07m., but profits fell from £353,000 to £304,000 subject to tax of £154,000 against £184,000.

Earnings are shown at 1.24p (1.4p) per 10p share and the interim dividend is 0.25p (0.22p) net. Last year's total was 1.035p and pre-tax profits were £768,000.

Mr. A. R. Robertson, the chairman, says the diversification into fancy, or specially constructed, yarns for the knitwear industry received an enthusiastic initial reception and promises well for the future. In the meantime the penetration and development of new markets inevitably take time and cost a great deal of money. Trading profit was, therefore, affected and the company also lost over £25,000 of Regional Employment Premium which helped the first quarter of the previous year.

Rush and Tompkins expects rise

THE INCREASED emphasis placed by Rush and Tompkins Group, upon its construction and development projects in the past year or so should be reflected in rising profits in the future, Mr. D. Palmar, chairman, says in his annual statement.

Both projects take time to produce the results which should reflect the rise in the value of the group's assets from less than 150p when the property market collapsed four years ago to 234p now.

The group is gradually increasing its programme of industrial and commercial developments and several schemes which were held in abeyance have now started, he adds.

The contract reported at the year-end to sell a recently completed industrial and office development has now been completed but proceeds were not received until 1978 and the borrowings shown in the accounts do not reflect the transaction. At end-1977, net borrowings were reduced from £569,000 to £332,000.

Although income from this development will be lost, no significant reduction is expected in rental income in 1978 and the group will benefit from a saving in interest on the amount of the proceeds, Mr. Palmar says.

As reported on April 21, group pre-tax profit rose from £864,000 to £1,271,000 in 1977, and the net dividend is lifted from 2.569p to 2.895p. The success in increasing construction turnover by more than 20 per cent. has been helped by the regional structure which is now beginning to show results. With the acquisition of Reed and Mallik, all civil engineering contracting is gradually being brought into one division. The revival in private housebuilding came too late to have much effect on the results.

The residential land bank has been written down by a small amount because physical conditions have reduced the number of houses which can be built on one estate. But a further £540,000 has been provided against the bank's value to reflect the difficulties being experienced in obtaining certain planning consents within a reasonable time at the optimum densities. This provision may not eventually be necessary.

A revaluation of the property portfolio from an adjusted £18m. in 1976 to a total current open market value of about £23.5m underlines the quality of the investments, Mr. Palmar adds.

The target remains to have a third of construction turnover overseas and the directors are continuing their efforts towards this end.

Of the company's shares, 47 per cent. are held by the directors and their families and 38 per cent. by institutions, banks and nominee companies.

Meeting, Sidcup, Kent, June 13 at 2.30 p.m.

هكذا مع الأجل

Demand down at Aberthaw

ALTHOUGH IT WAS anticipated that home trade deliveries of cement in 1978 would be about the same as the previous year the first quarter has revealed deliveries belo wthe same period of 1977.

This reflects the adverse weather conditions in February, Sir Maynard Jenour, the chairman of Aberthaw and Bristol Channel Portland Cement Company says in his annual statement. He says that although it will not be easy it is hoped the company will make up this shortfall in the remainder of the year.

Overall it is expected profits for 1978 will be below last year's peak £1.86m. pre-tax figure.

Sir Maynard points out that the price of natural gas has been substantially increased and is considerably above the equivalent price of coal. He says it is not known if any further cement price increases will be allowed this year, and adds that any increase would be unlikely to be sufficient to offset the much higher production cost.

Aberthaw is currently negotiating to convert to coal, and the cost of conversion will be met from internal sources and medium term bank loan.

It is hoped that the group will benefit from increased profits in 1979 providing the negotiations to convert to coal prove successful.

The chairman says that further quantities of cement clinker have been exported in the current year, but adds that competition remains severe and it is uncertain whether any further contracts will be obtained.

Work continues on new project development but he says it is still too early to forecast whether a product can be made which will be commercially viable.

A current cost statement with accounts shows the 1977 pre-tax profit reduced to £1.31m. (£1.4m.) by a £0.28m. (£0.42m.) cost of sales adjustment, and additional depreciation of £0.66m. (£0.56m.) offset by a £0.4m. (£0.7m.) gearing adjustment.

Meeting, Cardiff, June 2 at 12.30 p.m.

WIGHAM POLAND

The Wigham Poland Group has changed the name of two of its subsidiaries in the life and pensions division, better to reflect the changed nature of their operations.

Wigham Poland Pensions Brokers becomes Wigham Poland Pension Consultants, and Wigham Poland Financial Services is now Wigham Poland Assurance Consultants.

A new company has also been formed within the division, Wigham Poland Trustees, which offers full corporate trustee facilities for all pension arrangements.

Bank of Ireland at £43m. —finance house deal

Bank of Ireland yesterday announced the purchase of British Credit Trust, a finance house, from Northern Foods for £11m., and at the same time unveiled pre-tax profits for 1977 showing an increase from £32.5m. to £42.8m.

British Credit Trust provides instalment credit finance for motor vehicles and other consumer durables as well as offering leasing and banking services through 26 U.K. branches. It made pre-tax profits of £1.5m. in the year ended September 30, 1977.

The attraction of BCT for Bank of Ireland is that it balances the bank's existing finance house business in England. Bank of Ireland Finance (U.K.) currently specialises in finance for industry whereas BCT's emphasis is on the consumer side.

Mr. John Bourke, Bank of Ireland's chief financial officer, said yesterday that the bank wanted to offer a complete service. Admitting that the latest upturn in interest rates made finance houses less attractive propositions, he said, "We do try to think medium- to long-term."

He said that finance business was very stable and all the banks now took it very seriously. American banks had recently been trying to increase their U.K. instalment credit sides since the market here had considerable scope for further growth.

The traumatic experience of 1974 convinced Northern Foods that BCT should be under the wing of a bank rather than a dairy-to-biscuits group. Since that time BCT has recovered substantially and Northern Foods has been able to obtain a much better price for the company than it would have previously.

On Monday Northern Foods announced the agreed takeover of Pork Farms, the meat products company, which could involve a cash outlay of £10m. to £20m. Mr. Nicholas Horsley, chairman of Northern Foods, said yesterday that the proceeds from the BCT sale would keep his company liquid enough to invest freely where opportunities arose.

The consideration for the sale consists of £3,410,853 capital stock of Bank of Ireland which is to be placed in the U.K. and Ireland. Additionally, Northern Foods has received an £800,000 interim dividend.

The bank's earnings for 1977 are shown at 74.2p (57.8p) basic per £1 of stock and 67.8p (51.7p) fully diluted. The final dividend is 10p net for a 15p total compared with an adjusted 11.25p for 1976. To reduce disparity with the final the interim for 1978-79 will be 6.5p.

	1977-78 £000	1976-77 £000
Operating profit	42,852	33,961
Bank	35,754	28,585
Subsidiaries	7,098	5,376
Additional provision	—	1,500
Profit before tax	42,852	32,461
Tax	17,026	12,906
Net profit	25,826	19,533
To minorities	306	680
Attributable	25,520	18,853
Dividends	5,366	3,790
Retained	20,154	15,163

The balance sheet shows fixed assets at £73.87m. (£59.91m.), liquid assets and investments at £942m. (£744m.), advances less provisions of £1.07bn. (£0.9bn.), and deposits, current and other accounts of £1.95bn. (£1.59bn.).

Inflation adjusted accounts give pre-tax profits of £33.36m. (£29.94m.).

Adjustment has been made to reflect the actual realised and unrealised profits and losses experienced during the year.

The amount required to allow for the fall in value of money during the year has been calculated by applying the increase in the Consumer Price Index (8.2 per cent.) to capital and reserves at the beginning of the year.

British Northrop pays 6p

DESPITE A second half downturn in turnover from £1.81m. to £1.35m. British Northrop held on to the greater part of its £209,000 midterm profit gain and finished 1977 with a taxable figure some £155,000 ahead at £500,607. The company is re-entering the dividend list with a payment of 6p.

At midway when reporting a profit of £373,000 (£164,000) the directors said that the group had a healthy order book and they were confident that profits for the year would exceed those for 1976.

They now say that world-wide economic conditions have made trading difficult, particularly over the second half, and while this situation has continued into the first quarter of 1978, the company's operations are nevertheless being maintained at a profitable level.

Stated earnings per 50p share were 26.6p (17.7p). Turnover for the year totalled £3.46m. (£3.56m.). Profit was struck after interest of £178,154 (£144,696) but before tax on property income of £37,853 (£37,377). Comparative figures have been restated.

Medical Sickness Annuity

The Medical Sickness Annuity and Life Assurance Society last year increased its holding of gilt to take advantage of the high yields available, thereby increasing the overall yield on funds to 10.6 per cent. from 9.9 per cent. This is revealed by Dr. T. C. Hunt in his chairman's statement accompanying the annual report and accounts for 1977.

The Society also continued to invest in property and has financed a storage building and drainage works on the farm in which it first ventured into agricultural holdings. Dr. Hunt believes that institutional investment in farmland by supporting farmers can be of benefit to both parties.

The accounts for 1977 of the Society show that premium income increased by 15 per cent. to £5m. and investment income by 17 per cent. to £3.7m. Claims, expenses and taxation totalled £5.3m.—£0.5m. higher than in 1976 —so that the long term fund at the end of the year stood at £37.3m. against £34m. at the beginning.

Dr. Hunt reports that the subsidiary, Permanent Insurance, had another successful year, with new premium income up by 38 per cent. over 1976. This company has now started to pay dividends to the Society, an amount of £39,000 gross—a dividend of 15 per cent. —being paid for 1977.

The other subsidiary, Medical Sickness Finance Corporation, continued to help doctors and dental surgeons with finance for the purchase not only of cars and equipment, but also other items such as caravans and boats. During 1977 a total amount of £1.78m. was advanced under 1,063 agreements, with 83 per cent. of the sums advanced being covered under the life assurance scheme arranged by the Society. The Corporation continues to be a profitable investment.

ASSOCIATES DEALS

J. Henry Schroder Wagg on May 8 sold 417 Wheatsheaf Distribution and Trading Ordinary shares at 190p on behalf of associates.

Laurie Milbank sold 33,603 Northern Foods at 92p on behalf of discretionary investment clients.

BIDS AND DEALS

Scottish TUC joins battle

The Scottish TUC has written to Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, urging him to refer Lonrho's takeover bid for Scottish and Universal Investments to the Monopolies Commission.

Mr. Jimmy Milne, general secretary of the Scottish TUC, said that the unions were extremely concerned about the serious consequences a takeover would have for Scottish employment. He added that the STUC was unhappy at the prospect of any takeover of a Scottish company by a multinational concern.

The offer closes on Friday and Mr. Hattersley is expected to announce his decision on whether the bid should be referred to the Monopolies Commission either today or to-morrow.

Meanwhile, Lonrho at the request of the Takeover Panel has revealed that its stake in SUITS has been increased to 40.04 per cent. Given that Lonrho already held 29.34 per cent. of SUITS before the offer and that it has subsequently received provisional acceptances from the Fraser family trusts representing around 9 per cent., this response looks poor.

However, Lonrho is being coy about whether the 40.04 per cent. figure includes the Fraser family stake. No doubt Lonrho is hoping that a number of institutional and shareholders are holding fire until Mr. Hattersley's statement.

Mr. "Tiny" Rowland, chief executive of Lonrho, has sent a further letter to SUITS shareholders in which he gives details of the request from Mr. Lawrence Banks of Save and Prosper that an additional director should be appointed to the SUITS Board.

BACKING FOR TEXTILE WALLCOVERINGS

A syndicate of institutions led by Charterhouse Development Capital has paid £3.1m. for a substantial minority holding in Textile Wallcoverings International, manufacturer and wholesaler of textured wallcoverings. At the same time Textile has acquired B. Brown (Holborn), a related business with complementary activities.

Charterhouse formed the syndicate and has invested £750,000. Its partners are British Rail Pension Funds (£1m.), Electra Investment Trust (£750,000), Charterhouse Development (£250,000), Industrial and Commercial Finance Corporation (£237,000) and Estate Duties Investment Trust (£100,000).

Textile is said to hold a dominant position in the U.K. in the distribution of textured wallcoverings and in the manufacture of textile wallcoverings, particularly Muraweave hessians, much of which is exported. The company was formed in 1974. Pre-tax profits are expected to be approximately £1.7m. for the year ended April 1978.

Chippa and Pleasurama agree on £1.2m.

BY JAMES BARTHOLOMEW

Williams Hudson Group, the private company run by Mr. David Rowland, appeared yesterday as one of the guarantors of Chippa, a private company which has agreed to pay Pleasurama £1.2m. as an out of Court settlement.

Williams Hudson was previously involved in Pleasurama when it built up a 29 per cent. stake and sold it to Grand Metropolitan in 1977. Then WHG established a further 11 per cent. holding in Pleasurama and again sold it, this time to eight or nine institutions for £½m. in January this year.

The £1.2m. out of Court settlement announced yesterday was the consideration which Chippa is to pay Pleasurama for its 25 per cent. stake in Mayfair Casinos, which owns the Casanova Club. Chippa already has 75 per cent. of Mayfair and will now become, as far as is known, the 100 per cent. owner. But WHG's appearance as a guarantor of the settlement could mean that WHG is interested in taking an equity stake in Mayfair.

Pleasurama wanted to sell its investment because Mayfair had not made the profits that were expected. A clause of the agreement between Pleasurama and Chippa enabled the former to enforce a sale to Chippa in certain circumstances.

In 1975, Pleasurama went to court to make Chippa buy the 25 per cent. stake for £1.16m. The action proved successful in the High Court last year, but Chippa appealed. The out of Court settlement was announced yesterday after the appeal hearing had already got under way.

Pleasurama will receive less than it was originally awarded. The exact sum is £1.15m. and Chippa will not now pay Pleasurama's costs nor will it pay interest on the payment up until the present. The £1.15m. will be paid in instalments and will bear interest from now on. The last payment will be on March 31, 1979.

Mr. Edward Thomas, managing director of Pleasurama, said yesterday that the settlement was worth 12½ per cent. less than the best Pleasurama could have hoped for. The proceeds will be used in developing the company's existing business.

Williams Hudson Group has a policy of not making any comment to the Press.

Kellock moving to regain full quote

Kellock Holdings will move a stage nearer to regaining a full quote on the Stock Exchange if its proposed merger with Belgrave Assets—of which it currently holds just over 50 per cent.—is successful.

The shares of Kellock, Belgrave an danother subsidiary Lothian Investment Trust were suspended at the beginning of last year after the status of the companies altered with the lanch of Kellock Factors in which all three interrelated companies had a stake.

Since then the companies have been tidying up their complex relationship and last year Belgrave acquired Lothian Investments. The next stage is a merger between Kellock and Belgrave which under rule 163 (2) will allow the shares of the enlarged group to be dealt on the Stock Exchange—but it will have to wait for a full quote.

Mr. Nick Oppenheim, director of Kellock Holdings said yesterday that, under Stock Exchange Rules the company should technically have to wait until Kellock Factors had been trading five years before the group could regain its quote. However, the group clearly hopes that its tidying up operation will reduce this waiting period.

Kellock is making an offer for Belgrave's Ordinary and A Ordinary shares and for the company's 9½ per cent. convertible loan stock. It is bidding 36 Kellock shares plus 44 convertible irredeemable subordinated variable rate unsecured loa nstock plus £1.58 cash for 200 Belgrave ordinary shares of either class.

There is an alternative offer for the Ordinary shares which includes the issue of redeemable cumulative preference shares.

CATERING DEALS IN AMERICA

Further details were revealed yesterday of two separate deals involving British companies which are attempting to take over catering and hotel interests in the United States.

Trust Houses Forte has now agreed terms for its £4.4m. cash bid for the Colony Foods restaurant chain. Meanwhile Heywood Williams, the glass and aluminium supplier, has sent a circular to its shareholders outlining the terms for its proposed takeover of the hotel and restaurant business of Interstate United Corporation, the U.S. public food group.

The circular contains an estimate that Heywood's pre-tax profits for the year ending April 30, 1978, will be in excess of £¼m

Heywood has agreed terms to takeover IUC's hotel and restaurant business with net tangible assets of $5.1m. The only consideration is that Heywood will assume liabilities of $700,000. IUC is expected to release around $4½m. cash as a result of the deal—through tax advantages and by retaining the cash in the business.

The circular reveals that last year the hotel and restaurant business made an operating loss of $1.3m. but it points out that the levels of depreciation, amortisation and working capital charged by IUC may not be applicable under the new ownership.

Meanwhile THF has finalised its bid terms of $6.50 a share for Colony Foods.

WILLIAM REED BUYS AGAIN

In its fourth acquisition since the year end, William Reed, the carpet group, has paid £500,000 cash for a British subsidiary of a French group which specialises in weaving, dyeing and finishing velvet.

The company is Giron Freres (Great Britain), of Accrington, a subsidiary of Stefim of St. Etienne. It had net assets of £523,438 on June 30 last year, taking into account deferred tax. The company will now trade as Pendle Velvets.

In February, Reed paid £600,000 for the Newbridge carpet yarn spinning mill in Ireland and £771,000 for a subsidiary of Rivington Carpets. Two months earlier it bought Barwick Carpets of Bolton for £560,000.

BOC COMPLETES

BOC International yesterday completed the merger of Airco Inc. into the group.

BOC has acquired enough shares in a recent tender offer to give it about 95 per cent. of Airco. It expects to make an offer to shareholders who still have their Airco certificates next week to surrender them for the $50 per share in cash to which they are entitled under the merger plan.

FTI/RADYNE

Forward Technology Industries announces that shareholders of Radyne have approved the capital reorganisation referred to in the offer document containing the offers by its subsidiary, and the offers have been declared unconditional.

Acceptances have been received in respect of 2,537,408 "A" Deferred shares and 2,537,408 new Ordinary shares (99.73 per cent. of the shares of EAC class). The offers remain open.

The subsidiary has also acquired all of the Deferred shares of Radyne.

LAIC OFFER

Colonial Mutual Life Assurance has extended the date of its offer for the London-based London Australia Investment Company, from May 12 to June 15 and reduced its desired level of acceptances from 90 per cent. to 60 per cent.

By May 2 CML had received acceptances from 41.43 per cent. The offer price remains $A1.57 (equivalent to 144p) with the benefit of the investment currency premium, or 97p without).

SHARE STAKES

Imperial Group — Sir Alex Alexander, director, has disposed of 45,000 shares at 80p.

General Accident Fire and Life Assurance — Kuwait Investment Office has increased its holding by 50,000 shares to 12.05m. (7.3 per cent.).

Automated Security (Holdings) —K. M. Coupar, director, holds 15,500 Ordinary shares and 1,937 8 per cent. cumulative redeemable Preference shares.

S. Simpson—J. P. N. Mengers, director, has sold 21,422 "A" Ordinary shares.

Philips Electronic and Associated Industries—On May 2 increased shareholding in Rediffusion to 7,518,000 shares (over 9 per cent.).

Fodens—On April 28, ITC Pension Trust jointly with ITC Pension Investments held 459,105 10 per cent. conv. red. cum. Preference shares (410,105 shares shown in last accounts).

McLeod Russel—Assam Trading (Holdings) has recently bought 17,000 shares. Total holding 1,474,035 (36.6 per cent.).

Beralt Tin and Wolfram—Bakelite Xylonite has acquired a further 100,000 shares. Total holding 1,620,000 (about 14.12 per cent.).

Saint Piran—Bought on April 28, 210,000 A. Monk and Co. shares making total interest 2,920,000.

Consolidated Plantations—Directors' holdings have changed as follows following recent scrip issue: Tun Tan Siew Sin—18,800 and 5,250,980 non-beneficial (previously 4,700 and 1,312,745); D. M. Gold 20,800 (previously 5,200); T. W. Macdonald 11,700 (previously 2,925).

British Electric Traction—Group-Captain H. Dundas, director, has made a partial exercise of the option granted under share option scheme and in consequence will acquire 40,000 deferred Ordinary shares.

MINING NEWS

Getty joins Phelps in molybdenum venture

BY PAUL CHEESERIGHT

GETTY OIL is entering a joint venture with Phelps Dodge to evaluate and possibly to develop what appears to be a significant molybdenum deposit near Pine Grove in southern Utah.

The announcement yesterday underlines the tendency of major mining groups to link with cash-rich oil concerns in the development of natural resource projects.

The joint venture brings obvious advantages to both the U.S. groups. Getty Oil is diversifying into a mineral which has seen a consistent rise in price and growth in demand, although more slowly in the years of international recession.

Phelps Dodge, on the other hand, with an income founded on copper, has seen profits eroded by the depression on the international markets and a downturn in demand. In the first quarter, net earnings were $5.6m. (£3.08m.) compared with $9.3m. in the 1977 first quarter.

A link between the two marries cash with technical expertise, although the returns are not likely to be seen for some time. The announcement from New York said that the agreement covered a programme which would take place over several years.

Phelps Dodge first announced molybdenum discovery in January. The first four diamond drill holes intersected lengths of mineralisation between 3,000 and 5,000 feet. The holes formed a square with sides of 800 feet.

If the mineralisation is continuous, substantial quantities of ore ranging from 0.29 per cent. to 0.38 per cent. molybdenum, depending on the cut-off grade, are present, the company said at the time.

Since that time Newmont Mining and Esso Minerals have disclosed what could be commercillay viable molybdenum deposit in British Columbia.

The property, held 55 per cent. by Newcont and 45 per cent. by Esso, is at Trout Lake, about 35 miles from Revelstoke, and has been under investigation since 1976.

The deepest hole yet drilled, according to Canadian reports, has proved so far to be the richest. Mineralisation 1,800 feet under the surface occurred in an intersection averaging 0.409 per cent. molybdenum over a length of 890 feet.

Other holes have apparently yielded grades which would mean the discovery of a commercial deposit.

This find, added to that of Phelps in Utah and that of US Borax and Chemical, a subsidiary of Rio Tinto-Zinc, in Alaska, could provide the basis of a considerable expansion in North American molybdenum capacity which, hitherto, has been based largely on the operations of Amax and the by-products of copper mines.

Research has continued to find new applications for molybdenum and growth in demand is expected to run at between 6 and 7 per cent. a year.

Roxby Downs gold find

GOLD HAS been found at the Roxby Downs copper-uranium prospect being explored by Western Mining, but details provided in the group's latest quarterly report do not suggest that, at this stage, the find can be considered of commercial significance.

Roxby Downs is in South Australia, and analysis of diamond drill hole RD 19 showed that the interval from 422 metres to 435 metres assayed 13.4 grammes gold per tonne, 2 per cent. copper and 0.07 per cent. uranium.

This is the first occasion when significant gold values have been encountered at the Olympic Dam prospect on Roxby Downs, Western Mining stated. Drilling was suspended towards the end of the quarter to April 4, but is expected to start again in the current quarter.

In December Sir Arvi Parbo, the Western Mining chairman, told shareholders that it was likely to be at least a year before ore reserves were compiled for Roxby Downs.

The shares in London yesterday were down 1p at 113p.

High output at Berjuntai

ALTHOUGH PRODUCTION at Berjuntai, the most prolific of the tin producers in the Malaysian Mining Corporation, fell in April with the No. 2 dredge out of action for ten days, total output for the year was considerably higher than in 1976-77.

The latest statistics from MMC show that in the 12 months to April, Berjuntai's output was 4,975 tonnes of tin concentrates, compared with 4,244 tonnes in the previous year.

Given the recent level of tine prices this would suggest buoyant results for the year, but at the half-way stage there was in fact a setback. Net earnings were $M9.5m. (£2.16m.) against $M12.23m. in the same period of the 1976-77 year, because of increased tax payments and reduced capital allowances.

Other monthly output figures from MMC were:

	April tonnes	March tonnes	Feb. tonnes
Aokam	141	142	119
Ayer Hitam	175	99	161
Berjuntai	356	445	393
Kamunting	34	34	37
Kramat	22	24	15
Kuala Kampar	19	23	21
Lower Perak	29	29	25
Malayan	151	236	238
Sthn. Kinta Cons.	136	149	132
Sthn. Malayan	159	180	164
Sengei Besi	145	169	133
Tongkah Hrbr.	24	31	23
Tronoh Mines	293	217	197

Output from the Gopeng group has, meanwhile, showed a generally lower trend on a month by month basis:

	April tonnes	March tonnes	Feb. tonnes
Gopeng	135½	153	139
Tanjong	18	24	20
Idris	14	17	14½
Pengkalen	7½	17½	3½

Peak £0.35m. for Wire & Plastic

On turnover of £1.73m. against £1.46m. Wire and Plastic Products reports pre-tax profits ahead from £263,322 to a record £347,009 for 1977, after £162,554, compared with £103,417, at the six months stage. The directors then anticipated being able to maintain the level of trading and profitability rate for the rest of the year.

Stated full year earnings are up from 5.34p to 7.81p per 10p share and a final dividend payment of 1.34p (1.23p) lifts the total to 2.14p (1.93p), the maximum permitted, as forecast.

Tax takes £151,959 (£132,697) and results for 1976 were subject to an extraordinary debit of £2,672. The amount retained for 1977 came out at £141,657 against £79,800.

Farnell to maintain growth

The directors have every confidence in the future of Farnell Electronics, which given a reasonable level of economic stability is certain to maintain its record of continued growth.

As reported on April 26, taxable profit for the year to January 31, 1978 surged from £1.97m. to £3.14m., on turnover ahead from £14.13m. to £18.21m.

Mr. A. E. Long, chairman, reports that A. C. Farnell had an extremely difficult year and this resulted in turnover not coming up to expectations. Farnell Electronic Components, continuing to contribute the lion's share of group profits, once again achieved record results. In addition Farnell Audio Visual, in its first complete year, produced satisfactory results; both turnover and profit being well in excess of budget.

The investment in Tandberg's Radiofabrikk amounting to over £44,000 has been written off following its takeover by the Norwegian Government after last year's heavy losses. This was not expected. However, Tandberg's outstanding indebtedness to the group has been accepted by the Norwegian Government and continues to be paid within the terms of the original agreement.

As it was not possible to find a practical solution to the problems which had beset Farnell-KF over the past years, the directors decided to cease production on January 31, 1978, and use the realisable funds to aid group liquidity.

MONEY MARKET

Rise in MLR indicated

Bank of England Minimum Lending Rate 8¾ per cent. (since May 5, 1978)

The sharp rise in total eligible liabilities announced yesterday as part of the mid-April banking figures, is unlikely to be well received by the London money market, even though the final impact on the money supply may be less than the bald figures tend to suggest. Publication of the figures came too late to influence trading in the market yesterday, although the expectation of a large rise was one of the major factors behind the very nervous conditions.

Discount houses buying rates for three-month Treasury bills continued to point towards a rise of at least ¼ per cent. to nine per cent. in Bank of England Minimum Lending Rate, but an even higher rate was suggested earlier in the day. Sentiment in late business was slightly better however, with longer term rates easing from their highest levels.

Day-to-day credit was in short supply, and the authorities tried to soothe market sentiment. The amount of help given was much more than enough to take out the underlying shortage, and banks are expected to carry forward substantial surplus balances.

The Bank of England bought an exceptionally large amount of Treasury bills from the discount houses, and a small number of local authority bills.

Banks carried over run-down balances from Monday, there was a fairly large net take-up of Treasury bills to finance, and the market was also faced with a slight rise in the note circulation.

Discount houses paid up to 7½ per cent. for secured call loans, but closing balances were taken at 1-2 per cent. In the interbank market overnight loans opened at 7½-7¾ per cent., and rose to 7⅞-7⅞ per cent., before closing at 1½-2 per cent.

Rates in the table below are nominal in some cases.

May 9 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	1½-7⅞	—	—	—	—	1-7½	—	—	—
2 days notice	—	—	8⅛-8¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	7¾-8¼	8¼	—	8¼-8½	—	7-7½	—	—	—
One month	8⅝-8⅜	8½-8¾	8½-8¾	8¾-8⅝	8⅝-8⅞	—	7¾-8	8 3/32-8 3/16	8⅛	9
Two months	8⅞-8⅝	8⅞-9	—	8¾-8⅝	8⅞-9¼	—	7⅞-8⅛	8¼-8 7/16	8⅝	9⅛
Three months	9⅛-8⅞	8¾-9¼	8⅝-9	8⅞-9½	9¼-9½	—	8⅛-8¼	8 11/32-8½	8¾	9¼
Six months	9⅜-9¼	9¼-9⅝	8⅞-8⅛	9⅛-8½	9½-9⅞	—	—	—	9⅛-9 1/16	9½
Nine months	9 [illegible]	9 [illegible]-9¾	—	9⅜-8⅞	10¼	—	—	—	—	—
One year	9 [illegible]	9 [illegible]-10⅛	9⅜-9½	9⅝-9¼	10¾	—	—	—	—	—
Two years	—	—	10⅛-10½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 11¼-11½ per cent.; four years 11½-11¾ per cent.; five years 12-12¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 8¾-9 per cent.; four-month trade bills 9½ per cent.

Approximate selling rates for one-month Treasury bills 8 [illegible] per cent.; two-month 8⅜-8 5/16 per cent. and three-month [illegible] per cent. Approximate selling rate for one-month bank bills 8⅛-8 9/32 per cent.; two-month 8 7/16 per cent.; and three-month [illegible] per cent. One-month trade bills 8¾ per cent.; two-month 9 per cent.; and also three-month 9¼ per cent.

Finance House Base Rates (published by the Finance Houses Association) 9 per cent. from May 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6 per cent. Clearing Bank Base Rate for lending 9 per cent. Treasury Bills: Average tender rates of discount 8.2225 per cent.

EUROPEAN OPTIONS EXCHANGE

Option	Price	July Close	July Vol.	Oct. Close	Oct. Vol.	Jan. Close	Jan. Vol.	Equity close
E. Kodak	$40	12¼	—	12½	—	13	—	$51¼
E. Kodak	$45	7⅝	—	8½	—	10	—	"
E. Kodak	$50	3⅝	21	5	5	6⅜	—	"
E. Kodak	$60	1	1	1⅞	8	3⅛	3	"
GM	$50	13½	—	13¾	—	13¾	—	$62⅝
GM	$60	4¾	—	5¼	—	5¾	—	"
GM	$70	⅝	—	1½	—	1⅝	1	"
IBM	$240	24¼	—	25	—	28	—	$259½
IBM	$260	9⅝	—	13¼	—	15½	5	"
IBM	$280	2¾	8	5¼	2	8½	—	"
Algemene	F330	25	—	26.50	—	30	—	F349.50
Algemene	F340	18	5	21.00	—	23.50	7	"
Akzo	F70	9.50	—	10.00	—	10.50	—	F77.80
Akzo	F75	5.00	12	6.00	—	6.00	24	"
Nat Ned	F100	11.50	—	12.50	11	15	—	F109.60
Nat Ned	F110	3.00	5	6.20	12	7.80	—	"
Philips	F22.50	3.50	12	3.30	3	3.90	10	F26
Philips	F25.00	1.00	107	2.00	63	2.70	6	"
Philips	F27.50	0.60	34	0.90	113	1.40	70	"
R. D. Shell	F120	7.80	1	8.40	2	9.00	—	F128.20
R. D. Shell	F130	1.60	13	3.00	65	4.20	6	"
R. D. Shell	F140	0.40	—	1.00	32	2.00	—	"
Unilever	F110	5.80	5	5.80	1	6.10	2	F115
Unilever	F120	0.90	18	2.00	27	2.50	—	"
Unilever	F130	0.50	—	0.50	—	1.60	—	"
		May		August		November		
BP	700p	—	—	—	—	—	—	848p
BP	750p	—	—	—	—	—	—	"
BP	800p	—	—	—	—	—	—	"
GEC	200p	—	—	—	—	—	—	247p
GEC	225p	—	—	—	—	—	—	"
GEC	250p	—	—	—	—	—	—	"
GEC	275p	—	—	—	—	—	—	"
ICI	300p	—	—	—	—	—	—	346p
ICI	325p	—	—	—	—	—	—	"
ICI	350p	—	—	—	—	—	—	"
ICI	375p	—	—	—	—	—	—	"

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NORTH AMERICAN NEWS

U.S. charges Gulf with membership of uranium cartel

BY STEWART FLEMING NEW YORK, May 9.

THE U.S. Government has charged Gulf Oil with conspiring with other uranium producers to fix the prices at which the companies sold uranium to U.S middlemen.

The charges follow a protracted grand jury investigation of the activities of the alleged international uranium cartel of which Gulf was a member. The complaint filed in a criminal information suit alleges a misdemeanor. If Gulf were to be found guilty it would thus be liable for a maximum fine of *$50,000.*

While this penalty might not be a heavy burden for a company the size of Gulf, which is the fifth largest U.S. oil company, the Justice Department's charges are only a part of the complex mosaic of law suits arising out of the uranium cartel's operations.

Thus in deciding what action to take now, Gulf has to be conscious of the implications of a judgment in this case for the other suits it is fighting.

These suits include one in *which Westinghouse Electric, a* leading producer of nuclear generators, sued Gulf and 28 other domestic and foreign uranium producers and their agents claiming that they had conspired to fix the price of uranium, causing it to rise from around $12 a pound in 1972 to over $40 a pound in 1976, an increase which brought Westinghouse face to face with losses of hundreds of millions of dollars.

Westinghouse subsequently cancelled contracts to supply uranium saying it could not meet these obligations and is in turn being sued by its customers.

The Justice Department suit against Gulf alleges that the company conspired with other unnamed—uranium producers to sell only at discriminatory high prices and to refuse to sell to Westinghouse Electric, one of the U.S. middlemen. Middlemen are companies purchasing uranium for resale and include manufacturers of nuclear reactors.

Responding to the charges, Gulf said that "the Government's decision to single out Gulf for prosecution when its Canadian subsidiary could not and did not act alone with respect to the foreign marketing arrangement, and indeed became involved only as a result of Canadian Government direction, is unjustified."

It argued that "all of its activities were in accord with the national uranium policy of Canada and the U.S. market was explicitly excluded from the arrangement," adding "under such circumstances we feel it is inappropriate to challenge the activities of Gulf even on a *limited basis."*

It claimed that the charges were "completely unfounded."

Allegations about the operations of an international uranium cartel forcing up the price of the fuel have been under investigation by the grand jury for 18 months. The evidence which surfaced about the cartel has suggested that the Governments of Canada, France, South Africa and Australia, together with leading producers such as Rio Tinto Zinc of the U.K., supported the establishment of a uranium producers club or cartel.

Ford faces recall order

BY OUR OWN CORRESPONDENT NEW YORK, May 9.

FORD Motor Company may be ordered by the Government to recall 1.83m. of its small Ford Pinto and Mercury Bobcat cars following a preliminary study indicating that in a crash they may be prone to fuel spillage and fires.

This conclusion by the Department of Transportation's National Highway Traffic safety Administration was conceded by Ford yesterday to be "quite serious" but further comment is being withheld until the company has studied the findings in detail.

The Safety Administration said that tests had revealed that a "low to moderate" rear-end crash on the Pinto caused "massive" leaks from the puncturing of the fuel tank. Two fires were also reported from rear-end crashes involving vehicles travelling at 35 miles an hour.

The agency said that Pintos and Bobcats have been the subjects of 29 lawsuits or liability claims against Ford. In addition reports have been received of 38 rear-end accidents involving Pintos which have resulted in fires causing 27 fatalities and 24 cases of non-fatal burn injuries.

Firestone firm on closure

AKRON, May 9.

FIRESTONE Tire and Rubber has told its Swiss subsidiary that it will not revoke its decision to close its Swiss tyre-making operations.

The company had announced its intentions to close the Swiss plant in March, but agreed to meet with representatives of the Swiss Canton of Basle last month to explore the possibility of avoiding the plant's closure.

To-day's announcement indicates that Firestone will proceed with its plans to close the plant by July. But the company will still have a marketing and sales force in Switzerland.

Goodyear Tire and Rubber said, meanwhile, that it began a $5.5m. expansion of its tyre wire plant in Colmar-Berg, Luxembourg, to increase production of its radial truck tyres sold in Europe.

AP-DJ

Canadian Vickers talks end

MONTREAL, May 9.

CANADIAN Vickers has asked the Toronto and Montreal stock exchanges to lift a trading halt in its shares following termination of acquisition talks between British-based Vickers, which owns 72 per cent. of the Canadian company and an unidentified group.

"Discussions have taken place and it is the decision of Vickers (in the U.K.) not to proceed," Canadian Vickers said.

AP-DJ

Genesco reduces loss

Sharply reduced losses for the *third quarter are reported by* Genesco, the clothing and shoes combine, with a loss of $323,000 this time going against the $12.5m. loss in the same period a year ago. At that time, a loss from discontinued operations of $577,000 brought the final net loss to $13.1m.

For the third period of this year the company reports that sales from continuing operations are ahead some 3 per cent. at $243.5m.

Raymond slips

Raymond International, the heavy construction concern turns in lower first quarter profit at $4.1m. (or 79 cents a share) against $5.4m. or $1.28 a share on sales ahead by over 100 per cent. at $114m. However, average shares in issue have risen to 5.2m. from 4.3m., agencies report from New York.

Petrolane ahead

PETROLANE REPORTS a 14 per cent. increase in net income for *the six months to March 31, at* $26.11m. or $2.21 per share on a fully-diluted basis, against $22.9m. or $1.94 per share, a year earlier. Revenue in the six six months was $485m., a rise of 11 per cent., Agencies report from Long Beach. Second quarter net income was a record quarterly high, up 9 per cent. to $13.7m. or $1.16 a share fully diluted against $1.06 per share a year ago. Second quarter revenue was $254.8m., up 8 per cent. on the previous year.

LTV's merger talks

LTV has requested a meeting with the Justice Department to discuss further its proposal to merge with Lykes. The meeting is scheduled for May 24, AP-DJ reports from Washington. Last week, LTV officials had expected that the Justice Department would announce a merger decision soon—possibly this week.

Lockheed hopes

MR. ROY ANDERSON, *chairman* of Lockheed Corporation, said the company hopes to resume dividends reasonably soon but set, no specific time for the resumption, Reuter reports from Burbank. Lockheed has not paid cash dividends since 1969.

He added that Lockheed may begin production later this year of its Dash 400 commercial plane —a shorter, more economical version of the Tristar L-1011. If production does begin, it could cause a drain on earnings next year

REAL ESTATE INVESTMENT TRUSTS

Aftermath of the property collapse

BY DAVID LASCELLES IN NEW YORK

WHEN one of the largest U.S. real estate investment trusts (REIT), Chase Manhattan Mortgage and Realty, defaulted on its obligations on May 1, it caused surprise in some areas.

The crisis in the REIT industry was thought to be a thing of the past. Most of the trusts with uncertain finances went under during the collapse of the property boom two or three years ago, and it was widely assumed that those that pulled through did so because of their stronger backing.

Also because Chase Trust was sponsored by Chase Manhattan Bank, the third largest in the U.S., no one seriously expected the bank to let its protege down.

But the Chase episode was a reminder that the REIT crisis lingers on, particularly among *trusts which had enough backing* to see them through the early dark days in the hopes that better times lay ahead. But with better times slow in coming, these trusts have found their backing weakening. To underline the shock, REIT bonds prices on the New York market took a dive after the Chase default, leaving investors bewildered, industry analysts wary, and Chase Manhattan Bank silent.

Bank-sponsored REITS sprang up around 1970 in response to the property boom. Chase Trust *was typical in that it was* launched by a major Bank to take advantage of this fast-growing source of business. The Trust had no corporate relationship with Chase Manhattan Bank, but the bank was a major source of funds, and it is still its investment adviser.

The trust specialised in short-term mortgages for such things as resorts, the riskier but more *profitable end of the market.* At its height in 1973 it earned a profit of $22.3m. on gross income of $63m., equivalent to nearly $5 a share. But things started going wrong soon after that as the property market and interest rates turned. Income reached nearly $100m. in 1974, but profits dropped by over half to $10m., and in the middle of the following year, the trust paid its last dividend as it fell over $100m. into the red.

Although the trust's predicament was known in the market, it was widely assumed that when its $37m. worth of notes plus accrued interest became due on May 1, Chase Manhattan Bank would come to the rescue. But it did not, and the trust had no choice but to default.

Chase has refused to comment on the trust, so its precise reasons for standing back are not known. But its general position is clear. Like all banks, Chase has been striving to reduce its exposure to REITS in the last three years, and will continue to do so. Outstanding *loans to this segment have been* cut from $731m. at the beginning of 1976 to $318m. at the beginning of this year, when they accounted for just under 1 per cent. of Chase's total loan portfolio.

So presumably Chase decided to pursue this policy with Chase Trust even though it risked bad publicity in the process. (The fact that the bank has no *corporate responsibility for the* trust tends to be overlooked due to their common name.)

Some think Chase is playing a waiting game. The theory is that if its failure to help attracts a public outcry, Chase will come up with the money. If not, it will quietly let the matter pass. So far, it must be said, there has been no outcry.

There seems to be little sympathy for the banks' argument that while they sponsor REITs, they have no corporate relationship with them, and therefore no obligation to bail them out

However, Chase cannot have decided on this course of action alone, for it is only one of the trust's more than two dozen creditors, the largest of which is Chemical. Its action therefore raises questions about what happens if other bank-sponsored REITS run out of cash — and most of them have been in trouble.

First, Denver Mortgage Investors, for example, a mid-west REIT with assets of $63m. recently announced that it was trying to negotiate a three-year extension on $53m. worth of debts to 17 banks. Bankers Trust Mortgage Investors was last reported to be renegotiating $112m. worth of bank credit, over half of it with its sponsor, Bankers Trust, the ninth largest U.S. bank.

Tri-South Mortgage owned by banks in Virginia, Georgia and North Carolina, has already defaulted on bond obligations and is currently trying to come to a new agreement with its creditors on $54m. worth of debts. A number of smaller regional bank-sponsored REITS are also reported to be trying to sort out their obligations to sponsor banks, with varying degrees of success.

Not all bank-sponsored REITS are in dire straits. First Pennsylvania Mortgage Trust, which was in default, has signed a new term agreement with its participating banks, and is expected to be turning in a profit again next year. Continental Illinois Realty cut its debts from over $222m. to $83m. and is described as on the long road to recovery. Wells Fargo Mortgage has begun to pay dividends again.

But there is still enough uncertainty for the Chase Trust affair to send shudders through the REIT industry and the market for its securities. One analyst of the industry commented: "We thought that Chase would *support* the trust. But it didn't. Frankly, anything could happen now."

Apart from the financial consequences, the point raised by the Chase affair is how far banks' responsibilities extend. No one denies that the banks have paid a hefty price for their involvement in real estate in recent years, but there seems to be little sympathy for their argument that while they sponsor REITS, they have no corporate relationship with them, and therefore, no obligation to bail them out.

The fact that banks have usually appointed themselves as investment advisers to the REITS they sponsor has added to the feelings that they bear responsibility for losses.

But whether or not they rally round, the banks also have to live with the embarrassing fact that they fared worse than most out of the property boom. Their REITS did less well than those of, say, the insurance companies, who had more expertise when it came to real estate, and the agonising aftermath has lasted longer.

Confidence at Anderson Clayton

HOUSTON, May 9.

WITH A confident prediction that it will "comfortably surpass" last year's fourth quarter Anderson Clayton, the food and related products concern, reports third quarter profits slightly lower at $12.8m. or 91 cents a share, against $13.1m. or 98 cents for the same period of last year.

Sales in the latest quarter were also lower with $242m. going against the $275m. last time.

This brings the company to $34.5m. or $2.47 at the nine *months stage against operating* income of $34.9m. or $2.61 a share for the same period of last year.

Agencies

Strong rise at Loews

NEW YORK, May 9.

LOEWS Corporation, the industrial holdings company with *interests in tobacco, hotels,* theatres and insurance, reports first quarter operating net profit from continuing operations solidly ahead at $2.34 per share against $1.16 for the first part of last year. In the latest period, investment gains add $2.8m. to the figure, to give a final net of $30.4m. or $2.58 a share.

In the year ago quarter, investment gains came to $19.7m. to bring the final net to $34.8m. or $2.69 a share.

Agencies

Abbott sees rise in earnings

BY BILL COCHRANE

ABBOTT LABORATORIES, a U.S. leader in the production of pharmaceuticals, medical *supplies and other health care products,* expects earnings to rise by more than 15 per cent. in 1978.

Chairman Edward J. Ledder, in London yesterday to talk to institutional investors, was at pains to emphasise the role of Abbott's international operations in this year's forecast.

Last year international sales, accounting for 33 per cent. of the company's worldwide total, rose by only 11 per cent. against a 15 per cent. increase for the group. *The group sales prognosis this* year is something better than its long term 15 per cent. target. Within that, the international operations are moving about one-third faster, with Europe leading the field. The return of the 'flu bug, which livened up the final months of 1977, was similarly active in the first quarter of this year.

Abbott's earnings per share last year were $3.96. Analysts' projections for 1978 are in the area of $4.70. The management, therefore, is in no way concerned about a share price lately in the $58 to $59 area, for p/e's of just under 15 at the historic and around 12.3 at the projected level.

In fact, Mr. Ledder was happy to point to the higher ratings currently enjoyed by contemporaries like Baxter, Johnson & Johnson, Pfizer and Merck, noting that Abbott after a 35 per cent. share price growth from this time last year was now comfortably in the upper third of the ratings for its industry in the U.S.

Abbott, among other things, is banking on its management disciplines. For example, of last year's 15 per cent. sales increase, some 3 per cent. was accounted for by price increases and 12 per cent. by volume. Its increase in "headcount" (labour) was 2.6 per cent. which, allied to volume, *left comfortable scope for improvements* in productivity.

Fed seeking bank details

By Stewart Fleming

NEW YORK, May 9.

As part of a continuing effort to extract more information from U.S. and foreign commercial banks, Federal regulatory agencies are going to require more detailed financial information from U.S. banks with overseas branches.

The new regulations are likely to affect about 150 banks with foreign offices and will come into effect for quarterly reports on condition and income dated December, 1978.

The Federal Reserve and the Comptroller of the Currency will require that banks' "call reports" which are available to the public, will give a fuller *breakdown of the bank's domestic* and foreign operations

Decline in margins threatens traditional market freedoms

BY TERRY OGG

THE DRAMATIC decline in margins between lending rates and the banks' cost of money in the syndicated loan market is threatening the traditional freedom Euromarkets have enjoyed, Dr. Henry C. Wallich, a member of the Board of Governors of the United States Federal Reserve system told delegates at yesterday's Financial Times Euromarkets Conference.

"Supervisors, commercial bankers, central bankers and perhaps even the public have worried periodically about the soundness of the Euro-borrowers, and the possible inflationary implications of the market," he said. "First and foremost, the subject to worry about to-day in the syndicated loan market is spreads."

Dr. Wallich said that there could be explanations for the low spreads. "At the short end, a one-shot deal, and a very low spread, could be made in the hope that the funds can be employed more productively later, and this course may be preferable to locking them in for a longer period at a not much better return.

"At the longer end, there may be considerations of collateral business or ongoing relationships with the borrowing country, hopes of regulatory preferment in winning approval for branches and the like, that may explain, although not justify, extraordinarily low margins. I would not accept a bank's explanation of an unjustifiably low spread on the grounds that the bank had to maintain its share of the market. The implication that because some banks overlend, all others ought to do the same, obviously points towards trouble."

Dr. Wallich, indicated that spreads below 1 per cent. were difficult to justify on the basis of return on capital. "A spread of 0.75 per cent. does not even cover the cost of capital of even a very modestly capitalised bank, plus a reasonable return on risk premium," he said. "Banks that are putting on loans *at such a* spread, or even less, must have substantial funding advantages or income and other benefits from the loan, aside from the spread, or they are diluting their earnings."

He said that an appeal to the principle of marginal cost pricing—that is, any income above out-of-pocket expenses, is income to the good—is not convincing. "There are risks to be taken into account, and there is the bank's balance sheet with its capital ratios lost to be considered. A measure of cost that ignores these legitimate components of marginal cost undermines the application of a sound economic concept."

Banks in the Euromarkets enjoy a degree of freedom from control that is unusual in domestic banking systems, although they, and particularly the U.S. banks, are by no means unsupervised and regulated, he said. "The volume of lending in Euromarkets is less directly controlled by central bank action than is the volume of domestic lending. Hence, banks should be disciplined all the more by high credit standards as they expand in these markets. The Euromarkets have given evidence of what a market system can achieve when it is allowed to operate freely, subject only to prudential supervision. The continuance of this freedom will depend on the responsibility with which it is used."

Dr. Wallich's warning came after the delegates had listened to a speech on the information needed for the smooth operation of the Euromarkets, delivered by Mr. Christian Hemain, London editor of the French newsletter "Agefi."

Earlier in the day, Mr. Barry Hesketh, managing director of Forex Research, had told delegates that, based on the Forex research, the pound sterling will fall against the dollar during the rest of this year and the early months of 1979. Thereafter, it will remain relatively firm for a while, and perhaps strengthen towards the end of 1981.

Prediction

The prediction was part of a general forecast of major exchange rate movements over the next three years.

Mr. Hesketh said that the Japanese yen is expected to strengthen to around Y200 to the dollar by 1981, although it could well exceed this figure because of bandwagon effects. "The German Mark is forecast to approach the DM2 to the dollar rate by 1981, although some short term weakening is expected in view of the current high rate, which may have overshot its equilibrium level.

"The Italian lira will move close to L900 to the dollar by 1980, then stabilise or even rise. The French franc is seen as being relatively strong, although weakening to around Frs.4.8 to the dollar by 1981, and to Frs.2.4 to the D-Mark over the same period. The Netherlands guilder is forecast to remain steady or appreciate slightly against the dollar, and to weaken marginally against the D-Mark."

He said that there was little reason for tensions within the snake that could lead to a breakdown because of the relatively small movement of the guilder against the D-Mark.

But he did hedge his bets slightly by pointing out that the path towards the anticipated figures would be bumpy, and as the current account was becoming a less important part of the total balance of payments picture, the capital account could start to have more influence in exchange rate determination, and this could affect some of the figures mentioned.

He also pointed out that the forecasts were the result of a number of key assumptions plus a number of other forecasts.

The final speaker of the conference was Mr. Herschel Post, a vice-president of Morgan Guaranty Trust Company of New York, on the responsibilities of the trustees of Eurobond issues. Taking up Dr. Wallich's earlier point about the ability of Euromarkets to be self regulating, Mr. Post said that corporate trusteeship represented an important aspect of the markets' self-regulation.

"In an international market such s the Eurobond market, no government authority, no superimposed regulatory authority exists to step in and solve the problems raised by default," he said. "To be sure, any failure *of an obligor is likely to appear* in a court sometime, somewhere. But in the first instance, the bond holder turns to the institutions that are most directly involved with the issue. The essence of the bond holder's protection derives from the trust which is created by the trust document and which is nourished and made effective by common law."

● Yesterday's conference report *quoted Dr. Andre Coussement, a* member of the executive committee of Kredietbank SA, Luxembourgeoise, as saying that the Eurobond market was obsolete and overpriced. He was citing these as criticisms made by others, and qualified or rejected them later in his speech.

FINANCIAL TIMES

Euro-markets

CONFERENCE

INTERNATIONAL FINANCIAL AND COMPANY NEWS

THE COB REPORT

Plans for wider share ownership

BY DAVID CURRY

PARIS, May 9.

THE PARIS Stock Exchange has christened 1978 the year of the equity. That is the main message in the latest report (for 1977) of the Bourse watchdog commission the Commission des Operations de Bourse (COB).

It describes the government's promise to rehabilitate the equity and to encourage savers to return to the equity market as absolutely essential to the Bourse's survival as an instrument of capital formation. Without such incentives the disequilibrium between fixed interest securities and equities will get even worse, it notes.

The 1977 figures illustrate the COB's traditional preoccupation. While total issues reached Frs.61.3bn.—a record—only 16.2 per cent. of this was accounted for by increases in equity capital and no less than 83.8 per cent. by bond issues. Quoted companies raised no more than Frs.1.1bn. by appealing to the general public for new capital while convertible bond issues raised only Frs.1.88bn. Around Frs.8bn. was raised in equity capital without appeal to the general public and Frs.49.6bn. came from conventional fixed interest issues.

On the secondary market the situation was equally dismal since equities accounted for 45.5 per cent. of transactions against 73 per cent. in 1969 before the creation of a market in bonds of maturities of up to seven years. The government is seriously concerned about the undercapitalisation of French industry—particularly the vulnerability of smaller companies—and the restoration of company finances has moved to the centre of its economic strategy.

It is pledged to permit the introduction of Preference shares in France to allow companies to raise capital without diluting control. It will also allow individuals to deduct from their taxable income money subscribed to new equity capital or placed in a blocked equity-based retirement fund. It also says it will make it easier for employees to buy shares in their own company.

But it has not promised to meet the bourse's demand for the doubling of the tax bonus from 50 per cent. to 100 per cent.—a measure which could cost Frs.2bn. a year. Not is it clear whether the substantial tax advantage enjoyed by bonds over equities will be adjusted to the benefit of shares. After all, semi-government institutions and state-owned concerns are the main money-raisers on the fixed-interest market.

The COB urges the government to press ahead with other reforms which have been gathering ministerial dust for years. In particular it wants the long-prepared legislation insisting on the presentation of consolidated accounts, improving the contents of accounts and regulating the delay in presenting them to be reintroduced in parliament, although it says that over the years companies have significantly improved their performance in these respects. (It claims 63 per cent. of companies who could present consolidated accounts do so already.)

It also promises to work on the problem of bringing order into the barely-regulated realm of take-over bids, particularly by setting up a control commission and by preventing companies protecting themselves from bids by hiving off chunks of their equity to group companies.

Finally it wants to see legislation to protect savers from fraudulent investment proposals offering miraculous returns on capital.

It claims two feathers in its cap for last year: its recommendation that holders of more than 5 per cent. of company capital must be named in the annual report, and its capaign to provide earlier and better information for shareholders called to extraordinary general meetings to consider changes in corporate structure.

Bouygues looks overseas for growth

By Our Own Correspondent

PARIS, May 9.

THE FRENCH construction concern, Bouygues expects that half its sales this year of Frs.4bn. will be realised overseas, against only a third last year. This strong overseas growth will have been achieved in the three years since the company decided that the only way to maintain its development was to look beyond the French market.

The relatively uninviting prospect of the home market is illustrated in forecasts made by Bouygues on the housing market. It sees a very rapid decline in the market for apartment buildings and a strong growth in the demand for individual houses. However, the growth in demand for houses will not compensate, in terms of activity, for the downturn in the market for collective units.

In 1974 some 340,000 lodgings were constructed in blocks of some sort or another. This year the company expects completions to be no more than 180,000 and by 1982 to be down to 90,000. Over the same years it forecasts a rise in the individual house market from 220,000 to 250,000 to 290,000.

The company and group accounts for 1977 were well up on 1976, even though only a quarter of profits were attributable to overseas work. The real benefit of this will come with the completion of a number of overseas projects in 1979. Company profits in 1977 were Frs.35.7m. ($7.8m.), against Frs.16.85m. in 1976, after sharply increased depreciation, and group earnings came out at Frs.50.15m., against Frs.18.2m., again after much heavier depreciation.

SCANDINAVIAN NEWS

Improving outlook for Ericsson

BY JOHN WALKER

STOCKHOLM, May 9.

THE GENERAL market situation for investments in public telephone networks has been depressed, but the trend seems to be improving, and is expected to do so through 1978, L. M. Ericsson said in its annual report.

The order backlog should increase by about 20 per cent. this year, but the concern is not making a profit forecast at this stage as there are too many currency, cost, and price imponderables.

The order intake is expected to increase by about 20 per cent., largely due to the major contract signed with Saudi Arabia in January. The group's order backlog amounted to Kr.8.6bn., 21 per cent. over the 1976 figure.

Group sales in 1977 totalled Kr.7.8bn. compared with Kr 7.3bn. in the previous year. Profit before tax amounted to Kr.552m. ($119m.) compared with Kr.406m. in the previous year. This makes a profit per share of Kr.8.84 compared with Kr.6.65 in 1976. The dividend remains at Kr.5.

Fagersta

In its final report, Fagersta, the Swedish special steel and rock drilling equipment manufacturer forecast a continued loss but at a lower rate than that experienced in 1977, which amounted to Kr.70m. ($15m.), writes John Walker from Stockholm.

During 1976, it made a pre-tax profit of Kr.41m. Sales in 1977 amounted to Kr.1.3bn. showing an increase of Kr.135m. over the previous year.

Despite the devaluation of the Krona, Swedish costs are still higher than many competing countries, the report said. The order backlog amounted to Kr. 290m., down from Kr.320m. at the same time in the previous year. The order intake during the first two months of 1978 showed an improvement. The board recommends a reduced dividend of Kr.4 per share compared with Kr.8 in 1976.

Handelsbank

Copenhagen Handelsbank is planning to set up a wholly-owned subsidiary in Luxembourg, it was announced to-day, writes Hilary Barnes from Copenhagen. The bank will have a starting capital of Luxembourg Frs.500m. The bank will primarily be concerned with raising finance for the group's Danish customers. Handelsbank is Denmark's largest commercial bank.

$200m. Swiss bank loss

BY DAVID EGLI

GENEVA, May 9.

A LOSS of around $200m. was announced here in a spectacular and sombre reappraisal of the collapse of the Geneva bank, Leclerc and Company.

The liquidators set the excess of liabilities over assets at some Sw.Frs.394m.—more than ten times the level expected when the bank was closed a year ago. As a result it is not expected that creditors will receive more than a 9 per cent. return on their claims.

In making their report to a local court, the liquidators brought out a long record of criminal mismanagement within the bank linked to a string of companies in Geneva, Panama and Lichtenstein set up or exploited in such a manner as to circumvent numerous Swiss legal requirements related to banking activity.

The records of the bank, which handled some Sw.Frs.1.5bn. in client investments, were maintained in such a haphazard manner that they could not be relied upon to provide a true picture of the situation. In addition, the liquidators did not apparently obtain the full co-operation of the staff in their attempt to re-evaluate the financial position.

Hefty losses at Manufrance

PARIS, May 9.

NET LOSSES of Frs.102.5m. ($22.2m.) are reported by Manufrance for 1977. The crisis-ridden French retail, mail order and small arms group incurred a loss of Frs.32.7m. in 1976. Last October new management at Manufrance suggested that the company could possibly lose around Frs.120m. in 1977. At the time it was stated that something like Frs.200m. in aid from the State, creditors and other sources was needed in order to get the company back on to an acceptable financial footing.

Agencies

Slide in German engineer's earnings

By Adrian Dicks

BONN, May 9.

MANNESMANN, the West German steel pipe, plant construction and engineering group, reports a 28.7 per cent. drop in profits from DM216m. in 1976 to DM154m. ($77m.) for 1977. After transferring DM50m. to reserves (DM35m. less than in 1976), there is DM104m. available for distribution.

The Board will propose a DM5.50 per share dividend, compared with DM7 for 1976. West German domestic shareholders entitled to the tax credit will receive a total of DM8.59 per share.

Mannesmann also announced to-day that it has signed a contract worth DM60-70m. with China for the delivery of over 60,000 tonnes of pipe during the second half of this year. A spokesman stressed that the pipe was not intended for any single specific project so far as the German company was aware. The order is to be made up of an assortment of small-diameter piping and tubing of varying sizes, qualities and specifications which, the spokesman added, might be used by the Chinese in any of a wide variety of possible industrial processes.

It is understood that China is not buying any large-diameter pipe of the sort that Mannesmann is supplying to the Soviet Union from its new Muelheim works.

In its earnings and dividend report to-day, the company confirmed a 1 per cent. drop in total sales during 1977 to DM11.7bn. Earlier this spring the chairman, Herr Egon Overbeck, predicted a satisfactory, if less than spectacular, year in 1978.

Sharp recovery at Olivetti

By Our Financial Staff

OLIVETTI, which last month announced a major capital and boardroom reorganisation, reports a sharp recovery in profits for 1977.

On group turnover 21 per cent. up at L1,370bn., the international mechanical and electronics group has lifted net profits from L1.1bn. to L5.3bn., or some $6.1m. The profits are to be set aside for reserves.

Last month the company unveiled a rights issue aimed at reducing the burden of accumulated debts which had risen to around L800bn. The equity funding is to lift group capital from L60bn. to L100bn. with the new deputy chairman—Sig. Carlo Benedetti taking up the largest slice of the new shares.

Sig. Benedetti will subscribe some L15bn. and emerge with a shareholding of some 20 per cent. in Olivetti.

EUROBONDS

Australia floating $250m. bond

By Francis Ghilès

MARKETS WERE quiet yesterday ahead of the Association of International Bond Dealers' annual meeting: the easier trend continued in the dollar sector, although turnover was better than on Monday. The only real news was the announcement that Australia would be floating a $250m. Yankee bond.

The Province of Newfoundland issue was priced at 100½ with terms otherwise unchanged.

In the D-Mark sector, the Seiyu convertible was priced at par with terms otherwise unchanged. A DM100m. issue announcement expected from DG Bank yesterday for a European borrower will now be reconsidered at a meeting of the Capital Markets Sub Committee next Friday.

Commerzbank is expected to launch a DM40m. private placement to-day.

Japanese companies are set to raise a record number of bonds, essentially denominated in D-Marks and Swiss francs in the three months from next July. As many as 27 companies have applied for approval from the Ministry of Finance in Tokyo: the amount of these bonds will be worth $600m., one-third up on the figure for the equivalent period in 1977. This figure will, however, be less than that of bonds floated by Japanese companies in the three months to the end of June.

More of these bonds will be denominated in D-Marks: 70 per cent. of the total in the three months to September, as compared with an average of 15 per cent. last year.

James Forth writes from Sydney: The Australian Government will file with the U.S. Securities and Exchange Commission later this week for a proposed offering of a $250m. Yankee bond. This borrowing is the latest in a series of fund-raising operations since the middle of last year, all aimed at shoring up Australia's reserves and preventing a devaluation of the Australian dollar.

Speculation against the dollar continued early this year and this resulted in substantial capital outflows, which prompted the Treasurer, Mr. John Howard, to state last March that Australia would not hesitate to borrow beyond the $1.7bn. indicated last year if that were necessary to prevent a devaluation.

Australian Eurobonds slipped in the secondary market in London yesterday by a quarter to half a point.

Currency movements hit Philips in first quarter

BY CHARLES BATCHELOR

AMSTERDAM, May 9.

PHILIPS, the Eindhoven-based international electrical group, reports lower first quarter profits although volume sales for the opening three months of 1978 rose in line with expectations. Sales by value were once again adversely affected by currency exchange movements.

Volume sales rose 7 per cent. in the first three months, in accordance with expectations, and Philips confirmed its earlier forecast that it expects to achieve this rate of growth over the year as a whole. Sales by value rose only 3 per cent. to Fls.7.21bn. from Fls.7.01bn.

As forecast in last month's annual report, sales in the home electronics for sound and vision, domestic appliances and personal care products sectors were much higher, substantially above the average of 3 per cent. But the figures for industrial supplies and miscellaneous activities, which include pharmaceuticals for human and animal health and crop protection products, were below the level of the first quarter of 1977.

Trading profit showed a 22 per cent. fall to Fls.418m. from Fls.534m. Profit before tax showed a sharper decline of 28 per cent. to Fls.248m. from Fls.346m., partly due to a slightly higher net interest charge. After tax of Fls.112m. (Fls.163m.) and minority interests of Fls.14m. (Fls.27m.), net profit was 18 per cent. lower at Fls.130m. (Fls.159m.).

Net profit per share fell to Fls.0.69 from Fls.0.87. On the basis of U.S. accounting principles, profit was 41 cents compared with 47 cents. Net profit as a percentage of shareholders' equity fell to 4.9 from 6.2.

Trading profit fell to 5.8 per cent. of sales from 7.6 per cent. In most sectors trading profit as a percentage of deliveries was at about the same level as in the first quarter of 1977 but in the industrial supplies division it showed a marked decline. This was mainly due to the sharp increase in pressure on selling prices, continuing cost increases and reduced use of capacity. After-tax profit fell to 1.9 per cent. of sales from 2.6 per cent.

Trading profit as a share of deliveries rose in non-EEC countries in Europe, Latin America and Africa. There was a substantial decline in Holland largely due to the impact of the appreciating guilder on the large volume of exports. Trading profit also decreased in the other EEC countries however.

The level of stocks developed satisfactorily falling to 30 per cent. of sales on March 31 from 31.4 per cent. a year before. The number of employees fell by a further 1,700 after the decline of 7,700 in the whole of 1977 to an end-year total of 384,500. The workforce in Holland was reduced by 700 while the company shed 500 in the U.S.

Sales rose most strongly in Latin America and Asia. Sales in Europe matched the increase in the concern as a whole while in the U.S. and Canada they fell, due solely to movements in exchange rates. Sales also fell in Australia due to the economic situation in that country.

Robeco to set up new fund

BY OUR OWN CORRESPONDENT

AMSTERDAM, May 9.

ROBECO expects to set up a publicly-quoted property fund later this year, using the Fls.240m. ($108m.) property portfolio which it hopes to buy from Pakhoed holding together with an existing portfolio of around Fls.60m.

The fund, unofficially known as "Rovasco," would be closed-ended unlike the other three funds in the Robeco group. Investors would be able to buy shares in the fund on the Stock Exchange. This structure has been chosen to avoid the need for a daily evaluation of the portfolio value and for the fund's managers to repurchase shares which might require the sale of part of the portfolio.

The new fund would be invested in a wide range of commercial property in Holland and abroad. The present portfolio includes offices, factories and supermarkets in Holland and Germany. The portfolio which Robeco hopes to acquire from Pakhoed includes a fund, Hexalon, which is heavily invested in the U.S. Of the total Pakhoed portfolio of Fls.240m., nearly 60 per cent. is in the U.S. Together with Robeco's own direct investment in Hexalon of about Fls.40m. the new fund would have about Fls.180m. invested in the U.S.

Robeco hopes to conclude talks with the troubled Pakhoed group over the purchase this month. It refused to comment directly on the size of the new fund but said it would not be disproportionate to the other funds in the group.

Oce opens year on weak note

OCE-VAN de grinten NV, the Dutch reprographic equipment maker, said pre-tax profits fell to Fls.12.1m. ($5.4m.) from Fls.13.5m. in the first quarter of 1978, Reuter reports from Amsterdam.

Sales totalled Fls.295.37m. (Fls.185.62m.), and net profit per share Fls.4.2 (Fls.4.14 adjusted).

Operating profit was Fl.18.01m. (Fls.16.18m.) after depreciation of Fls.17.64m. (Fls.12.18m.). Pre-tax profit is after interest of Fls.6.17m. (Fls.2.62m.). But includes exceptional credits of Fls.294,000 (Fls.30,000). Tax totalled Fls.4.9m. leaving Fls.23m. (Fls.7.24m.).

Comparisons are for the original group before last year's merger with Ozalid of the U.K. the company said 1978 results should equal those for 1977, and business is developing satisfactorily.

Amev expansion

AMEV, the major Dutch insurance group, aims for further expansion this year and results to date are favourable, reports Reuter from Utrecht. The annual report explains that the non-insurance activities share of pre-tax profit rose to 23 per cent. from 18 per cent. In April the company reported a 1977 net profit of Fls.71.4m. up from Fls.60.7m. in 1976, or Fls.13.59 per share against Fls.11.57.

Dip at Gist-Brocades

Dutch bio-chemicals and pharmaceuticals group, Gist-Brocades, reports a 7 per cent. dip to Fls19.5m. ($8.8m.) in net profits for 1977 and expects a further decline in the current year. The dividend is being cut to Fls2 a share from Fls5.22. The company blames heavy interest costs, currency problems and delays in the purchase of two U.S. companies.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

MEDIUM TERM CREDITS

Debut for two African borrowers

BY FRANCIS GHILES

TWO African countries—Botswana and Mauritania — are entering the international market for the first time. The Republic of Botswana is raising $45m. for seven years on a split spread (under 2 per cent. rising to 2 per cent. and then to over 2 per cent.) from a group of banks led by First National Bank of Boston. Other terms include a three-year grace period.

The funds will be used by the Government to acquire a further 20 per cent. equity stake (it will receive 30 per cent. free of consideration) in a new mine being developed by De Beers.

Mauritania is also raising $18m. for six years on a spread of 1⅞ per cent. with a two-year grace period. The borrower is Banque Arabe Libyenne Mauritainene (BALM) in which the State of Mauritania has a 49 per cent. stake, the other 51 per cent. belonging to the Libyan Arab Foreign Bank (LAFB).

The State of Mauritania is guaranteeing 49 per cent. of the loan, and the LAFB 51 per cent. The Libyan presence explains the spread obtained by the borrower, half-way between the spread of ⅝ per cent. which Libya would pay if it came to the market and the 2¼ per cent. Mauritania would pay if it were guaranteeing the whole loan.

Scandinavian borrowers continue to raise large loans: in Sweden the state-owned shipbuilding company Svenska Vary is raising $200m. for seven years on a split spread of ⅝ per cent. for the first three years rising to ¾ per cent. These terms are a little harder than those for the recent Swedish oil company loan, because this time round there is no state guarantee. Lead manager is Orion and the loan, which has been fully underwritten, is being syndicated among 13 banks in all, none of which is a U.S. one.

Meanwhile the Kingdom of Denmark is raising DM400m. for seven years on split spread of ⅝ per cent. for the first two years rising to ¾ per cent. Lead manager is Compagnie Financiere de la Deutsche Bank, which is also arranging a DM100m. fixed interest loan for Rio Metro. The interest paid by the Rio Metro is 7½ per cent. Compagnie Financiere de la Deutsche Bank will provide DM90m. of this figure and Bayersche Hypotheken the remainder.

Legal difficulties delayed until last week the signing of the $250m. seven-year loan for Yacimientos Petroliferos arranged last autumn. Managers for this loan, which boasts a split spread of 1⅛ per cent. for five years rising to 1¼ per cent., include Bankers Trust International, Chemical Bank, Manufacturers Hanover, Morgan Guaranty and Wells Fargo.

The Italian state company Crediop is arranging a $175m. eight-year loan, with an option to extend this maturity to ten years. The borrower which has provided a state guarantee is paying a spread of 1 per cent. for eight years, which would rise to 1⅛ per cent. if the option is taken up. Joint lead managers are Citicorp and Westdeutsche Landesbank.

A $20m. five-year loan carrying a spread of 1⅛ per cent. has recently been signed for the Luxembourg subsidiary of STET, the Italian state telephone company. Lead manager is London and Continental Bankers.

In South East Asia, borrowing continues apace: the $250m. club loan for the Philippines has been increased for the second time. In a first stage it was increased to $420m., and now it has been increased to $500m. It is not ruled out that the $300m. for the Korea Exchange Bank and the Korea Development Bank should also be increased.

Another active borrower in the area is Indonesia. It is in the process of organising a $25m. seven-year loan with Wells Fargo is believed to carry a spread of ⅞ per cent. and a grace period of two years, terms which would be the softest ever for an Indonesia credit. Meanwhile Bank of America is lending Indonesia $24.5m., of which $9.2m is accounted for by U.S. Exim credits. The borrower is paying a spread of 1⅛ per cent. on the commercial tranche of the credit.

First half advance at Guinness Malaysia

By Wong Sulong

KUALA LUMPUR, May 9.

GUINNESS MALAYSIA has reported a 27 per cent. rise in profits for th efirst half of its financial year, in spite of its failure to make a breakthrough in the beer market.

The company said that its withdrawal from the beer market in January is not expected to affect profits for the current year.

Pre-tax profits for the six months to February increased to 10.7m. ringgits ($U.S.4.5m.), while sales rose, by 18 per cent. to nearly 70m. ringgits ($29m.). The company pointed out that the first half of its financial year, which coincided with the festive season in Malaysia and Singapore, is normally the more buoyant period and that sales during the second half are not expected to match the results achieved.

An interim dividend of 15 per cent. is declared, compared with 12.5 per cent. for the interim dividend in 1977.

Vehicle financing downturn curbs Custom Credit

BY JAMES FORTH

SYDNEY, May 9.

CUSTOM CREDIT Corporation, the finance arm of the National Bank of Australasia, managed to lift earnings only 3.6 per cent. in the March half-year, from $A8.22m. to $A8.5m. ($US9.6m.). Custom Credit's directors said the increase was actually 10.2 per cent. if allowance is made for the increase last year in the company tax rate and that they consider the result satisfactory in view of the lower level of demand.

However, Custom Credit lagged well behind the industry leader, Australian Guarantee Corporation, a partly owned subsidiary of the Bank of New South Wales, which lifted gross receivables 16.3 per cent. to $A2.4bn. and profit by 28 per cent. to $A22.4m. ($US25.3m.).

Custom Credit's gross receivables rose 19.3 per cent., from $A938m. to $A1.1bn. over the 12 months to March. Of this consumer finance, mortgage loans and wholesale financing for motor dealers accounted for 78.9 per cent. Leasing accounted for 14.3 per cent.

Real estate bridging advances, joint venture loans and development land accounted for only 5.3 per cent., with the balance of 3.3 per cent. in short dated securities.

Losses written off during the period amounted to $A3.85m. and reflected the level of unemployment and lower economic activity. The group's provision for doubtful debts was increased by $A750,000 and totalled $A8.25m.

The directors said the lower demand in consumer durables was particularly evident in motor vehicle financing, while demand was also low in the real estate sector. No real upsurge was expected in demand for consumer finance in the short term, while leasing finance could be adversely affected by a reduction in the investment allowance.

Profits recover at OK Bazaars

BY RICHARD STUART

JOHANNESBURG, May 9.

A STRONG second half, which included an exceptionally good Christmas season, has enabled OK Bazaars to match last year's profits for the financial year ended March. At the half-way stage, profits were 21 per cent. lower, but this deficit was made up in the second half to allow for an overall net profit of R12.7m. ($14.5m.), exactly equal to 1977 results. The 3 cents cut in the interim dividend has been compensated for by an equivalent increase in the final, restoring total distribution to an unchanged 58 cents, which is covered 1.8 times.

These results no longer include profits from OK's Rhodesian operation which was sold in October last year in exchange for shares in Delta Corporation (previously Rhodesian Breweries). The effect of deconsolidating Rhodesia was to reduce profits by 3.3 per cent.

At the interim stage, it was considered "most unlikely" that earnings for the full year would match the previous year's level. In the event, profits increased by 9.9 per cent. in the second half, on a sales increase of only 6.9 per cent. But while margins widened in the second half, pre-tax margins for the whole year were down from 4.4 per cent. to 4.2 per cent. Total turnover is now R541m. ($620m.).

The satisfactory second-half performance is attributed to effective cost control, including control of shrinkage and pilferage, while the better margins were due to better ranging and an improved merchandise mix. OK shares put on 20 cents on the strength of the results and are now trading at 610 cents, 17 per cent. higher than a month ago.

The results bode well for OK's parent, SA Breweries, South Africa's largest industrial concern in turnover terms, which is scheduled to release its preliminary profit figures to-morrow.

Alcan offshoot plans expansion

By Our Own Correspondent

KUALA LUMPUR, May 9.

ALCOM, the Malaysian associate of Alcan of Canada, plans to double its aluminium extrusion capacity through a 10m. ringgit (US$4.2m.) expansion plan, to meet the growing demands for aluminium in Malaysia and Singapore.

The company's plant outside Kuala Lumpur currently turns out some 6,500 tons of sheet products, and 4,300 tons of extrusion annually. The expansion will be on extrusion facilities, and capacity will be around 8,800 tons a year once new plant is installed within 18 months.

Alcom's managing director, Mr. Donald Crilly, said to-day the 10m. ringgits would come mainly from the company's internal cash resources and medium-term loans on the Malaysian market.

He said 10 per cent. of the company's products are exported to Singapore and it is hoped to increase this to 30 per cent. within a few years.

Following approval by the Government for a general price increase, Alcom last year recorded an after-tax profit of 1.46m. ringgits (US$610,000) compared to 500,000 ringgits in 1976. The company early this year declared a one-for-two scrip issue, raising its paid-up capital to 10.87m. ringgits.

The Alcan Company of Canada holds 34.5 per cent. of Alcom's equity, while another 37 per cent. is held by Malay Financial Institutions and the remaining equity held by the Malaysian and Singapore public.

Property group passes dividend

HONG KONG, May 9.

SOUTHERN PACIFIC Properties has reported a net profit for 1977 of $HK1.8m. (some $U.S. 400,000). In 1976, net profit, after the inclusion of $HK12.3m. in extraordinary items, was $HK13.4m. The dividend is again passed.

Turnover was $HK240m. ($U.S.52m.), compared with $HK236.4m.

Net earnings a share before extraordinary items were 1.2 cents, against 0.7 cents.

The company reported losses of $HK800,000 from the sale of hotel property (against a profit of $HK4.2m.).

Reuter

Cautious approach to options

TOKYO, May 9.

THE introduction of options dealings in Japan is being treated with caution by the Tokyo and other Japanese exchanges, pending the outcome of the review by the U.S. Securities and Exchange Commission designed to determine whether it is possible to maintain fair and orderly markets in options, the Tokyo Stock Exchange has said.

At the same time, some Japanese securities companies have grown less interested in the idea of options trading now that the Tokyo market is booming without the stimulus which it was hoped that options would provide.

The Tokyo Stock Exchange is continuing to study a draft plan for the introduction of options trading, but no early decision to go ahead is expected, according to the Tokyo exchange.

The draft plan was worked out by the Japanese Securities Dealers Association in November, and was based on the findings of a survey mission sent to the U.S. and Canada in April last year.

The plan recommended that options trading be limited initially to stocks of about ten companies, each capitalised at Y2bn. or more, paying annual dividends of Y5 per share or more, and with market prices above Y100.

Reuter

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Nippon Shinpan Company Limited, expects to report a 33 per cent. increase in volume and a 26 per cent. rise in net earnings for the fiscal year which ended March 31, according to Mr. Tadashi Enomura, executive vice-president, AP-DJ reports from Frankfurt. The forecast was made at a Press conference held in Frankfurt to discuss a DM50m. convertible bond offering, which the Japanese consumer credit concern had previously announced.

Mr. Enomura said the pace of the rise in volume and profits exceeds the average over the last five years of a 25 per cent. annual increase in turnover and a 15 per cent. annual gain in earnings.

"Until recently," he said "Japan's financial policy revolved around chemical and heavy industries as the nucleus of the Japanese economy. We believe, however, that the consumer credit industry will become a new element in the core of Japan's economy."

United Overseas Land

United Overseas Land group net profit fell to S$230,000 ($U.S.100,000) in 1977, from S$2.21m. in 1976. The parent company loss was S$470,000, against S$2.11m., reports Reuter from Singapore. The first and final dividend is cut to 2 per cent. from 6 per cent.

The company said that the reduction in group profit and loss incurred by the parent company were mainly due to the continued depressed residential property market.

Hong Kong Land growth

BY DANIEL NELSON

HONG KONG, May 9.

HONG KONG Land's earnings and dividends will continue to grow as a result of additional income from longer-term investments, such as its central district redevelopment scheme, Mr. D. K. Newbigging, the chairman says, in his annual report.

As previously reported, the group profit after tax amounted to $HK229.80m., an increase of 14 per cent. Mr. Newbigging says that as a result of the $HK300m. raised by the issue of 7¼ per cent. unsecured guaranteed bonds 1985, the group has sufficient funds available from existing resources for its current requirements.

The main increase in turnover came from commercial rentals—up from $HK180m. in 1976 to $HK224m.

Sharp gain at Cadbury India

BY R. C. MURTHY

BOMBAY, May 9.

CADBURY INDIA, the offshoot of Cadbury Schweppes, raised its after-tax profits in 1977 by over 40 per cent., to Rs.5.94m. ($700,000), on sales up 18 per cent., to Rs.166.6m. ($20m.). The company has recently diluted its foreign equity participation under the Indian Foreign Exchange Regulations Act (FERA), and a further dilution is in hand.

The future of the company has been a matter of controversy. Despite Leftist pressures, the Government has honoured its commitment to allow all foreign companies (including those operating in non-essential sectors) to continue operations if they diversified their activities to areas acceptable to it.

The first Cadbury India diversification project (100 per cent. export-orientated) for the manufacture of cocoa butter substitute went on stream in October. The project is based on "sal" seeds, abundantly available in forest belts of the backward states of Madhya Pradesh and Orissa, and provides employment to tribal people. In the first three months of commissioning, exports of its products fetched Rs.6m., and in 1978, the export earnings from the plant would exceed Rs.40m.

The company proposes to produce apple juice concentrate based on Kashmir apples, a large proportion of which is wasted every year.

The first phase of dilution, implemented in July, last year bought foreign equity in the company down to 60 per cent. In the second phase, this share will be reduced to 40 per cent.

* * *

CADBURY SCHWEPPES Australia, which is 62 per cent. owned by the U.K. company, is confident that 1978 will see a satisfactory rise in both sales and profit over 1977, the chairman Sir Rupert Clarke told the annual meeting.

The group earned $A8.77m. on sales of $A171.56m. in calendar 1977. Group profit fell marginally in the first quarter, he said, but the first half profit should equal that of the corresponding period last year ($A3.41m.), and second-half trading should be more profitable.

Reuter

Reverse for Dunlop unit

BY P. C. MAHANTI

CALCUTTA, May 9.

DUNLOP INDIA, the Dunlop Holdings subsidiary, has reported a sharp fall in profits for 1977, with pre-tax earnings down by 85.5 per cent. to Rs.12.2bn. ($1.5m.), from Rs.83.9m. in 1976, and after-tax by 76.1 per cent. to Rs.11m., from Rs42.5m.

Revenue was reduced 4.6 per cent. to Rs.1.67bn. ($200m.), from Rs.1.75bn.

The decline in revenue, the company says, results partly from a lower volume of sales and partly from price reductions on some products. It is associated with competitive conditions in the market, particularly in the case of truck tyres, in which "substantial under-utilisation of capacity has hit the industry as a whole."

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 9½pc 1989	96½	97½
AMEV 8pc 1987	96¾	97¼
Australia 8½pc 1992	93½	94½
Australian M. & S. 9½pc '92	97	97½
Barclays Bank 8¾pc 1992	96¾	97¼
Bowater 9½pc 1992	97½	98½
Can. N. Railway 8½pc 1986	97	97½
Credit National 8¾pc 1986	97½	98
Denmark 8¾pc 1984	100	100½
ECS 9pc 1998	98½	99½
ECS 8½pc 1997	95½	96½
EIB 8½pc 1992	98½	99½
EMI 9½pc 1989	95	95½
Ericsson 8½pc 1989	96½	97½
Esso 8pc 1986 Nov	101½	102
Gt. Lakes Paper 8½pc 1984	98½	99
Hamersley 9½pc 1992	99½	100½
Hydro Quebec 9pc 1992	95½	96½
ICI 8½pc 1987	97	98
ISE Canada 9½pc 1986	104½	105
Macmillan Bloedel 9pc 1992	96	96½
Massey Ferguson 9½pc '91	96½	97¼
Michelin 9½pc 1988	102	102½
Midland Int. Fin. 8½pc '92	97½	98½
National Coal Bd. 8pc 1987	94½	95½
National Wstmnstr. 9pc '86	102	101
Newfoundland 9pc 1989	99	99½
Nordic Inv. Bk. 8½pc 1988	95½	99½
Norges Kom. Bk. 8½pc 1992	97½	98½
Norpipe 8½pc 1989	96½	97½
Norsk Hydro 8½pc 1992	98	98½
Oslo 9pc 1988	100½	101½
Ports Autonomes 9pc 1991	98½	99½
Prov. Quebec 9pc 1995	93½	98
Prov. Saskatch. 8½pc 1986	99	99½
Reed International 9pc 1987	93	95
RHM 9pc 1992	93	93½
Selection Trust 8½pc 1989	91	92
Skand. Enskilda 9pc 1991	99½	100½
SKF 8pc 1987	93½	94
Sweden (K'dom) 8½pc 1987	96½	97
United Biscuits 9pc 1989	98½	99½
Volvo 8pc 1987 March	93	93½

NOTES	Bid	Offer
Australia 7½pc 1984	95½	96½
Bell Canada 7½pc 1987	94½	95½
Br. Columbia Hyd. 7½pc '85	93½	94½
Can. Pac. 8½pc 1984	99½	100
Dow Chemical 8pc 1986	95	95½
ECS 7½pc 1982	96½	97½
ECS 8½pc 1989	95½	96½
EEC 7½pc 1982	97	97½
EEC 7½pc 1984	96	96½
Enso Gutzeit 8½pc 1984	96½	97½
Gotaverken 7½pc 1982	97½	98½
Kockums 8pc 1983	97½	98
Michelin 8½pc 1983	99½	100
Montreal Urban 8½pc 1981	100½	101
New Brunswick 8pc 1984	97	97½
New Bruns. Prov. 8½pc '83	99½	100½
New Zealand 8½pc 1986	95½	99
Nordic Inv. Bk. 7½pc 1984	96½	97
Norsk Hydro 7½pc 1982	97½	98
Norway 7½pc 1982	96½	97
Ontario Hydro 8pc 1987	95	95½
Singer 8½pc 1982	100½	101
S. of Scot. Elec. 8½pc 1981	99½	100½
Sweden (K'dom) 7½pc 1982	97	97½
Swedish State Co. 7½pc '82	97½	98
Telmex 9½pc 1984	99½	100
Tenneco 7½pc 1987 May	94½	95
Volkswagen 7½pc 1987	94½	95½

STERLING BONDS	Bid	Offer
Allied Breweries 10½pc '90	89½	90½
Citicorp 10pc 1993	90½	91½
Courtaulds 9½pc 1989	89½	90½
ECS 9½pc 1989	93½	94½
EIB 9½pc 1988	93½	94½
EIB 9½pc 1992	93½	94½
Finance for Ind. 9½pc 1987	90½	91½
Finance for Ind. 10pc 1989	91	92
Fisons 10½pc 1987	93½	94½
Gestetner 11pc 1988	93½	94½
INA 10pc 1988	89½	90½
Rowntree 10½pc 1988	89½	90½
Sears 10½pc 1988	89½	90½
Total Oil 9½pc 1984	92½	93½

DM BONDS	Bid	Offer
Asian Dev. Bank 5½pc 1988	97	97½
BNDE 6½pc 1986	96½	97½
Canada 4½pc 1983	98	98½
Den Norske Id. Bk. 6pc '90	98	98½
Deutsche Bank 4½pc 1983	98	98½
ECS 5½pc 1990	93½	96½
EIB 5½pc 1990	95½	96½
Elf Aquitaine 5½pc 1988	95½	96½
Euratom 5½pc 1987	98½	99
Finland 5½pc 1986	98	98½
Forsmarks 5½pc 1990	98	98½
Mexico 6pc 1985	95½	96½
Norcem 5½pc 1989	100	100½
Norway 4½pc 1983	99½	100½
Norway 4½pc 1983	97½	98½
PK Banken 5½pc 1988	97½	98½
Prov. Quebec 6pc 1990	97½	98
Rautaruukki 5½pc 1988	94½	97½
Spain 6pc 1988	93	93½
Trondheim 5½pc 1988	97½	98
TVO Power Co. 6pc 1988	97½	98
Venezuela 6pc 1988	97½	98
World Bank 5½pc 1990	98	98½

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 7 1/16pc	99½	100½
BFCE 1984 8½pc	99½	100½
BNP 1983 8 1/16pc	100½	101½
CCF 1983 8pc	100	100½
CCMF 1984 7½pc	99¼	99¾
Creditanstalt 1984 7½pc	99½	100½
Credit Lyonnais 1982 8pc	100	100½
DG Bank 1982 7 15/16pc	100½	100½
GZB 1981 8 1/16pc	100½	101½
Intl. Westminster 1984 8pc	99½	100½
Lloyds 1983 7½pc	100½	100½
LTCB 1983 8pc	99½	100½
Midland 1982 8pc	101	101½
Midland 1987 7 11/16pc	99½	100
OKB 1983 7½pc	100	100½
SNCF 1985 8½pc	99½	99½
Std. and Chtrd. '84 7 11/16pc	99½	100½
Wms. and Glyn's '84 8 1/16pc	99½	100½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	88½	90
Ashland 5pc 1988	95½	97
Babcock & Wilcox 6½pc '97	102	103
Beatrice Foods 4½pc 1992	98	99½
Beatrice Foods 4½pc 1992	105	107
Beecham 6½pc 1992	95	97
Borden 5pc 1992	100½	102
Broadway Hale 4½pc 1987	78½	80
Carnation 4pc 1987	77½	79
Chevron 5pc 1988	136	137½
Dart 4½pc 1987	79½	81
Eastman Kodak 4½pc 1988	84½	86
Economic Labs. 4½pc 1987	77½	79
Firestone 5pc 1988	82	83½
Ford 5pc 1988	90½	92
General Electric 4½pc 1987	85½	88
Gillette 4½pc 1987	78½	80
Gould 5pc 1987	112½	114
Gulf and Western 5pc 1988	87	88½
Harris 5pc 1992	167	169
Honeywell 6pc 1986	88½	90
ICI 6½pc 1992	87	88
INA 6pc 1997	94½	96
Inchcape 6½pc 1992	113	115
ITT 4½pc 1987	83	84½
Jusco 6pc 1992	113½	114½
Komatsu 7½pc 1990	125	126
J. Ray McDermott 4½pc '87	160½	162½
Matsushita 6½pc 1990	167½	168½
Mitsui 7½pc 1990	121	122
J. P. Morgan 4½pc 1987	98	99½
Nabisco 5½pc 1988	100½	102
Owens Illinois 4½pc 1987	113½	115
J. C. Penney 4½pc 1987	79	80½
Revlon 4½pc 1987	111½	113
Reynolds Metals 5pc 1988	86	87½
Sandvik 6½pc 1988	111½	113½
Sperry Rand 4½pc 1987	91½	93
Squibb 4½pc 1987	82	83½
Texaco 4½pc 1988	82½	84
Toshiba 6½pc 1992	126	127½
Ty Co. 5pc 1984	76	77½
Union Carbide 4½pc 1982	86	87½
Warner Lambert 4½pc 1987	85	86
Warner Lambert 4½pc 1988	77½	79
Xerox 5pc 1988	80	81½

Source: Kidder, Peabody Securities

Town hall lotteries become big business

BY DAVID CHURCHILL

THE BOOM in town hall lotteries is here. Littlewoods, the Liverpool-based pools giant, has just broken into the £100m.-plus-a-year local authority lottery business by launching 20 lotteries for the Greater London Council and most of the London boroughs. This was the biggest single lottery launch since local authorities were given the power to raise money in this way just over a year ago.

Littlewoods has joined its rivals Vernons and Ladbrokes—and a host of smaller companies—in one of the fastest growing sectors in the economy: gambling.

Over the past year 262 local authorities—more than half the total number in Britain—have encouraged local citizens to lay out 25p a ticket in the hope of winning up to £1,000 in prize money. About 10p of the ticket price finds its way to the local authority to use on community projects such as extra sports facilities or travel scholarships. The rest goes to prizes and the cost of administering the lottery.

In addition, at least 361 charities, sports clubs, and other social organisations have registered with the Gaming Board to run lotteries under the 1976 Lotteries and Amusements Act.

With applications for registering new lotteries being made at the rate of 40 a week, the original estimated total turnover for all public lotteries this year of at least £100m. is likely to be comfortably exceeded.

It is market size—much larger than had been expected when the go-ahead was given by Parliament — that has lured in the big betting organisations. And with the possibility that the legal limits on the gross takings of a lottery will be increased, the competition will get even fiercer.

Local authorities have been only too pleased in most cases to off-load responsibility for running their lotteries on to the big specialist companies. Lacking the expertise and resources of these gambling organisations, councils would find themselves hard pressed to run a lottery efficiently with only £½m. turnover a year. But by organising a number of lotteries, the major companies can spread their overheads over a much greater turnover.

The lottery promoters take over-all responsibility for finding agents, printing tickets, publicity, organising draws, and paying out prize money. All the local authority has to do is nominate a worthy use for its share of the revenue. The GLC, for example, is putting £25,000 towards setting up a resident theatre company at London's Old Vic.

Profitability

In return the promoters expect to take about 3 per cent. of sales as profit. For a weekly lottery with £10,000 turnover, this represents some £300 a week. But for a company like Ladbrokes, which hopes to run 100 lotteries by the end of the year, this could mean annual profits of up to £1.5m.

But there are already rumblings in some quarters that the lotteries have become too commercialised. They were set up originally as a means for local authorities and charities to receive extra income for specific community projects. These projects are certainly receiving the benefit of the lotteries boom: but in the process the betting companies have virtually established a national lottery organisation against the express intentions of Parliament.

This is shown by the fact that although Littlewoods is organising 20 lotteries in London — selling up to 800,000 tickets a week — the other major companies will be seeking similar or even greater ticket sales in London.

Ladbroke's Cashcade lottery, for example, is already selling almost 1m. tickets a week in London even though it only acts on behalf of three London boroughs. Its ability to challenge in any area where Littlewoods has the local authority franchise is due to the loophole that, for national charities, tickets can be sold anywhere in the country.

When a charity like the National Society for Mentally Handicapped Children stands to gain some £2m. a year from its 10 lotteries—each registered at a different branch — for doing little more than lending its name to the lottery, it is hardly surprising that the gambling boom has been welcomed with open arms by all types of organisation.

The public's imagination has undoubtedly been caught by the "instant-winner" type of lottery which is far and away the most popular. For 25p, punters can buy, from newsagents, pubs, garages and a multitude of other retailers, a ticket which shows straight away if you are a winner. There is a 13 to 1 chance of winning a prize, from 50p to £1,000.

These tickets, which vary in format, involve the purchaser uncovering numbers or letters on the ticket by rubbing away the surface with the edge of a coin. If three identical characters are revealed the ticket is a winner. For small prizes such as 50p or £1 the winner can claim his prize from the vendor of the ticket. Larger prizes have to be claimed from the town hall or agent's offices.

Terry Kirk

Mr. Peter Moores, chairman of Littlewoods, pictured with the GLC chairman, Mr. Lawrence Bains, at the launch of National Lotteries.

The other common types of lotteries are a straight forward premium-bond style draw, or a mixture of the instant lottery and weekly draw.

The opportunity for the public to support its local town hall or favourite charity came mainly as a result of the luck of a single MP. Mr. Graham Page, Tory MP for Crosby and a former Minister for Local Government, twice won the ballot for private members' Bills in the Commons. After his Bill to set up local authority lotteries failed the first time, he used his second chance to present it again. Subsequently the Government put forward its own, similar, proposals which forced Mr. Page to withdraw his draft legislation. Although the Government's Bill became law in August, 1975, it did not come into force until April, 1977.

One of the main differences between the Government's and Mr. Page's Bills was the limit on the size of the lotteries. Mr. Page had put the limit for gross takings for any one authority at £5m. a year, or around £100,000 a week. But the Government's Act set the limits at £10,000 a week, or £520,000 a year.

For less frequent lotteries, the turnover for any one lottery is higher but still limited.

Promoters of no more than 12 lotteries a year can raise £20,000 a time and give a first prize of £1,500. If four lotteries are held a year, ticket sales can be £40,000 for each with the top prize being £2,000.

Most lotteries are of the weekly variety which guarantees more winners and is therefore more popular. But a seaside town, for example, could hold all 52 lotteries during the summer season to take advantage of holiday-makers.

The lottery revenue, whether it is £10,000 or £40,000, is theoretically split 40 per cent. to the local authority or charity, 40 per cent. as prizes, and the remaining 20 per cent. to cover organiser's expenses and commission. Littlewoods, on a weekly lottery, are guaranteeing a return to the promoting council of £4,125 a week, while Ladbrokes pay £4,000 on maximum sales of 40,000 25p tickets.

Thus a local authority or charity can net over £200,000 a year for very little work. Chester-le-Street District Council, which was early in the field, has had over 40 draws with sales averaging £7,000 each. On this basis, net income is likely to be around £150,000 a year. Nottingham City Council, however, sold out its first week of 40,000 lottery tickets within 48 hours and, if this is repeated throughout the year, it would receive £208,000.

The problem for the lottery companies is that prizes and expenses are related to the actual, not potential, sales. It is for this reason that most promoters keep prizes below the permitted maximum.

Commission

Ladbrokes anticipates retaining between 1 and 3 per cent. net as profit from each scheme depending on the level of ticket sales. Commission to agents—Ladbrokes has over 3,500 nationwide—is, believed to be about 7 per cent. although this varies from lottery to lottery. About £700 a week goes on printing and administration and the balance on commission and the rest of the operation.

Vernons launched its instant lotteries towards the end of last year. It now runs 82 lotteries, of which 68 are on behalf of local authorities.

Since it started, Vernons estimate that over 20m. tickets have been sold, netting £2m. for prize winners and £2m. for the council or charity.

Ladbrokes launched its first lottery last February, and claims to have 83 now — one more than Vernons—but calculates that the total will top 100 later this year. Mr. Cyril Stein, chairman of the Ladbroke Group, estimates that in the first full year of operation its lottery ticket sales will exceed 200m., raising some £20m. for the sponsoring organisation.

The rest of the industry consists largely of specialist security printers who either have traditionally run small lotteries or have entered the market to help local authorities which do not work through one of the big companies. About a quarter of councils, in fact, are prepared to run their own lotteries to ensure that all proceeds, after expenses, go to the stated purpose.

Yet such lotteries, which are usually on a monthly or even quarterly basis, are not of the "instant" type, and are not proving as successful as the more commercial operations of the big companies. And there is nothing to stop rival instant lotteries for a charity or sports organisation being set up in direct competition by one of the big companies.

But the next obvious step is towards setting up a national lottery, to benefit such areas as the Health Service and with prizes of up to £100,000. Ladbroke's Cyril Stein believes that the present lottery system will be the forerunner of a national lottery and says his company would be prepared to run it. To a certain extent, however, the big lottery promoters are already running national lotteries in that they sell the same tickets all over Britain. Only the name is different. The game is still the same.

This is a long way from the £4m.-plus which the Littlewoods lottery will make for the 20 London councils taking part. And if the present restrictions on lottery size are lifted then the profits to local authorities, punters and promoters will rise accordingly.

The report of the Royal Commission on gambling, due out later this month, could recommend such a relaxation. And the Conservatives have already indicated they would favour such a move, if returned to power.

APPOINTMENTS

Senior posts in Wilkinson Match European region

Mr. R. H. Bartlett, at present managing director of the U.K. region of WILKINSON MATCH, has been appointed managing director of the group's new European region, responsible for the manufacture and marketing of its consumer products range throughout Europe. At the same time Mr. Richard Armitage, deputy managing director of Wilkinson Products (U.K.), takes over special responsibility for developing the tools, housewares and scissor business in the U.K. including True Temper tools in both the U.K. and continental *Europe.*

*

Mr. P. A. W. B. Everard has been appointed president of EVERARDS BREWERY, having held the position of chairman for 29 years. He retains his directorships. Mr. R. O. Steel has become chairman. He was a director of Everards from 1968 to 1975.

*

Mr. Peter A. Armstrong has joined J. H. MINET AND CO. as a director and as managing director of the aviation division.

*

Mr. David A. Russell has been appointed chairman and managing director of the ROSSER AND RUSSELL GROUP on the retirement of Mr. D. Russell Naylor.

*

Mr. G. J. Beswick has been appointed group financial controller of BRIDON and also a member of the company's executive committee. Mr. B. S. Neech is now group chief accountant.

*

Mr. John Low has been appointed a director of PIG IMPROVEMENT COMPANY, a member of the Dalgety Group, and also becomes a deputy chief executive of the livestock division.

*

Mrs. Elizabeth Keenan has been appointed chairman of the INDEPENDENT BROADCASTING AUTHORITY'S Local Advisory Committee for Independent Local *Radio in the Teesside area.* She succeeds Mr. Nigel Moir who has retired. Three new members of the Local Advisory Committee are: Mr. Malcolm Thompson, Mr. Peter Rowbotham and Mrs. Rosemary Pease.

*

Mr. John Gurash has been appointed chairman of CERTAIN-TEED CORPORATION from May 15, *and Mr. Roger Martin (chairman* and chief executive of Saint-Gobain-Pont-a-Mousson), becomes vice-chairman. Mr. Marcel Leveque, executive vice-president and chairman of the operating committee of Certain-Teed, will be president and chief executive. These changes follow the resignation of Mr. Donald Meads as chairman and chief executive of CertainTeed. He has been made a consultant both to CertainTeed and its parent company, Saint-Gobain-Pont-a-Mousson.

*

Mr. Richard Bliss, chairman and chief executive officer of American Express International Banking Corporation, and Mr. Bernard Kelly, managing director of Compagnie Monegasque de Banque, have been appointed directors of INSILCO CORPORATION.

*

Mr. Alex Hurst has been appointed managing director of FOSTER TURNER AND BENSON. He joined FTB as a director in 1976.

*

Mr. John E. Newnham has been appointed chairman of the TRANSMARINE MUTUAL STRIKE ASSURANCE ASSOCIATION for a two-year period. He succeeds Mr. Norman H. Finill. Mr. Albert R. van der Eb has been made deputy chairman.

*

Mr. Terry E. Day has been appointed managing director of FLOTEC GROUP, a subsidiary of Petrocon Group.

*

Mr. R. W. Goodall, Mr. H. Tuley and *Mr. M. Thompson* have been appointed to the Board of BURY AND MASCO (HOLDINGS). Mr. B. L. Allen, Mr. C. C. Baillieu and Mr. J. R. Mayhew-Sanders have resigend. Mr. Goodall has become chairman, Mr. Tuley, deputy chairman, and Mr. G. S. Crainer continues as managing director.

*

Mr. V. B. Hysel has retired *from* the Board of THOMAS BOLTON AND SONS.

*

Mr. A. S. Newman, executive director og ALAN J. RIDGE AND CO., is to retire at the end of this month.

*

Mr. Stig Rantsen has been appointed managing director of *NORSK HYDRO (U.K.). He* succeeds Mr. Vagn T. Sorensen.

*

Mr. R. D. L. Lyle has retired from the partnership of DE ZOETE AND BEVAN, stockbrokers, but remains associated with the firm. Mr. A. B. Sladen has also resigned from the partnership. Mr. D. Lord and Mr. J. M. Wightman have become partners.

*

Mr. R. C. Wickenden has resigned as a director of ALFRED DUNHILL.

*

The *Ministry of Agriculture* states that Dr. P. Lees, Professor J. E. Carless and Mr. T. Boundy have been appointed members of the VETERINARY PRODUCTS COMMITTEE.

*

Mr. J. E. Peters has joined the NORTON AND WRIGHT GROUP as managing director of Norton and Wright Ltd. He was previously a director of the British Priting Corporation.

*

Mr. E. Wagner and Mr. D. R. M. Pennock have joined the Board of BELLOW MACHINE. Mr. Marshall Bellow has been appointed chairman and con*tinues as joint managing director* with Mr. E. M. Hyman. Mr. W. P. Rao and Mr. D. S. Cohen have resigned from the Board. The changes follow the acquisition of the company by G. M. Pfaff A.G. from Staflex International.

*

Mr. W. Bennett has been appointed technical director of ALCAN BOOTH EXTRUSIONS.

*

Mr. Brian Barker has been appointed sales director of AUDIO AND VISION, a subsidiary of C. A. Moon (Holdings).

*

Mr. John Philipps has been appointed director of personnel of CONSOLIDATED PNEUMATIC TOOL COMPANY.

*

Mr. I. A. Denney has joined the Board of KENMELEON as group managing director. Mr. K. G. Mill has retired from the position and has become chief executive concerned with international marketing. Mr. Denney also joins the Boards of member companies Bram International, EEE and EEL. Mr. J. Burrell moves to the Board of Kenmeleon as group manufacturing director and he has also been made a director of EEE and EEL. Other directors appointed to Bram International are Mrs. J. Watson Todd (sales), Mr. R. Strathie (development) and Mr. J. P. Macintyre (purchasing).

*

Mr. Bill Bewley has been appointed managing director of THORSMAN & CO. (U.K.), a member of the Ericsson Group.

*

Mr. M. W. Watt has been appointed to the Board of C. R. HILLS INSURANCE.

*

Mr. Sam Caddick, commercial director, and *Mr. Harold L. Peace,* sales director, are to retire from the Board of JAMES WILKES at the end of this month.

*

Mr. G. A. Calver has rejoined the *Board of the* BRITISH BANK OF THE MIDDLE EAST.

*

Mr. P. A. C. Seymour has been appointed general manager of TARGET LIFE ASSURANCE COMPANY from May 12 and will continue as the company's actuary. He will also become a director of Target Trust Group from the same date. He succeeds Mr. R. W. Taylor, *who is leaving to take up* another appointment.

*

Mr. P. S. Ovenden is to resign as company secretary of BOURNE *and* HOLLINGSWORTH *on May* 12 and from the Board on May 31. Mr. M. J. Hart will become secretary from May 13.

*

Mr. John B. Bailey, a former sales and marketing manager for the WELLMAN BIBBY COMPANY, has returned to the company as marketing director. Mr. Malcolm Jones has been made *production control manager* at the Dewsbury works.

*

Mr. Terry Hennessey, men's wear product group manager for the U.K. branch of the INTERNATIONAL WOOL SECRETARIAT, has been appointed marketing division manager for U.K. and Ireland. He replaces Mr. Tony Gould who has become branch general manager for the U.K. and Ireland.

*

Mr. Ian Hamilton, general manager Stansted Airport, has been appointed general manager-passengers services at HEATHROW AIRPORT from May 8. Mr. Alan Proctor, deputy external relations manager at the BAA's head office in London, has been made general manager (designate) *Stansted* and will take up his post in July.

*

Mr. Geoffrey Sharples has been appointed chairman of the Air Transport Committee of the Merseyside Chamber of Commerce. Mr. *Sharples is purchasing* manager of E. R. Squibb and Sons. The new vice-chairman of the Committee is Mr. John Saunders, an architect with a practice in Liverpool.

*

Mr. Harry Gadd has been appointed chief education and training officer of the ENGINEERING INDUSTRY TRAINING BOARD from July 1. He succeeds Mr. Joe Moon, who becomes director of the Board on that date. Since 1973 Mr. Gadd has been responsibility for the aerospace, industrial sector manager, with *instrumentation,* office machine and equipment and light engineering industries.

*

The Secretary for Trade has appointed Mrs. Romaine Hart and Mr. Mamoun Hassan as part-time members of the NATIONAL FILM FINANCE CORPORATION for three years.

*

Dr. Antonio Perrazzelli has been apointed an associate director of the ITALIAN INTERNATIONAL BANK. Dr. Perrazzelli was previously with Istituto Bancario Italiano in Rome.

Mr. R. H. Bartlett

COMPANY NOTICES

PAN-HOLDING
Société Anonyme
Registered Office Luxembourg

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of shareholders of Pan-Holding S.A. will be held at its registered office at 10, Boulevard Roosevelt, Luxembourg, at 3 o'clock p.m., on May 30, 1978, *for the purpose of considering* and voting upon the following matters:

1. Acceptance of the Directors' and Commissaire's reports, and approval of the financial statements for the year ended December 31, 1977.
2. Application of the net profit, declaration of a dividend for 1977 and of its date of payment.
3. Discharge of the Directors and the Commissaire with respect to the year 1977.
4. Statutory nominations.
5. Determination of the Directors' compensation for the fiscal year 1977.
6. Determination of the Commissaire's compensation for the fiscal year 1977.

The bearer shares may be deposited either at the *registered office of the* Company in Luxembourg, or with any banking or financial institution agreed by the Company. Depositary certificates must be received by the Company at Boite Postale Nr. 408, Luxembourg, prior to May 25, 1978.

No depositary certificate is required with respect to *registered shares.*

THE BOARD OF DIRECTORS.

INTERNATIONAL COMMODITY SHARE FUND
"ICOFUND S.A.H."
Société Anonyme
23, avenue de la Porte-Neuve
LUXEMBOURG
R.C. Luxembourg B 7.942.

NOTICE

Pursuant to a resolution of the Annual General Meeting of Shareholders held on the 25th of April 1978, *payment of US$0.20 per share* will be made on the 25th May 1978, with possibility of reinvestment in shares, without fraction, at the net asset value calculated on the same date. For that purpose Shareholders have to introduce their application *before the payment date.*

Paying agents:
—Banca Commerciale Italiana in Milan;
—Banca della Svizzera Italiana in Lugano *and* in Zürich;
—Banque de Paris et des Pays-Bas in Paris, Amsterdam, Brussels, Geneva and London;
—Banque de Paris et des Pays-Bas pour le *Grand-Duché* de Luxembourg in Luxembourg.

AUGUST THYSSEN-HUETTE A.G.
WESTMINSTER BANK LIMITED

DEPOSIT CERTIFICATES

National Westminster Bank Limited gives notice that claims may now be lodged for the eighteenth dividend due 24 April 1978, on the Deposit Certificates at the rate of £0.217105 per DM.10 unit. United Kingdom Income Tax as shown below will be deducted unless claims are accompanied by an appropriate Inland Revenue declaration:-

Gross Dividend of DM1.10 per Unit	£0.289473
25 per cent. German Tax	£0.072368
United Kingdom Income Tax at 19 per cent. on gross dividend	£0.055000

Claims should be lodged at Stock Office Services, 5th Floor, Drapers Gardens, 12 Throgmorton Avenue, London EC2 on special forms obtainable from that office by Authorised Depositaries only, who should mark payment of dividend in space No 20 provided on the back of the certificates.

THE BANK OF ADELAIDE

The Bank of Adelaide's Transfer Books will close for dividend on 26th May 1978 and re-open on 29th May 1978.

By Order of the Board.
L. R. CLIFFORD,
General Manager.

ART GALLERIES

BROWSE AND DARBY, 19 Cork St., W.1. SICKERT. Mon.-Fri. 10.00-5.30. Sat. 10.00-12.30. Last week.

COLNAGHI, 14, Old Bond Street, W.1. BRITISH AND FRENCH PRINTS 19th and 20th Century and L. S. LOWRY DRAWINGS. 10th-30th May. Wkdys. 9.30-6. Sats. 10-1. Tel. 01-491 7408.

FIELDBOURNE GALLERIES, 63, Queensgrove, N.W.8. ART IN RELIGION.

FOX GALLERIES. Exhibition of the paintings by British and European Artists from 1700-1965. 5-6, Cork Street, London, W.1. Tel. 01-734 2626. Weekdays 10-6. Sats. 10.1.

PORTRAIT PAINTERS. Royal Society's 84th Annual Exhibition at The Mall Galleries, The Mall, S.W.1. Mon.-Sat. 10-5. Until 18 May. Adm. 50p.

SLOANE STREET GALLERIES, 158 Sloane St., W.1. Modern paintings, sculptures and graphics by interesting international artists. Wide range of prices. Tues.-Fri. 10.00-5.00. Sats. 10.00-1.00.

WILDENSTEIN. A Loan Exhibition of TWENTY MASTERPIECES FROM THE NATALE LABIA COLLECTION. Weekdays 10-5.30; Saturdays 10-12.30. Until 26th May. Admission 30p in aid of the City of Birmingham Appeal Fund. 147, New Bond Street, W.1.

BUSINESS AND INVESTMENT OPPORTUNITIES

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PUBLIC NOTICES

CENTRAL REGIONAL COUNCIL
£3,000,000 bills issued 10.5.78 at 8 27-64ths % to mature 9th August 1978. Total applications £21m. Total outstanding £5m.

GLASGOW DISTRICT COUNCIL
Bills issued 10 May 1978 £4.7m. at $8\frac{5}{32}$% maturing 9 August 1978. Applications totalled £50m. Bills outstanding £8.7m.

HAMPSHIRE COUNTY COUNCIL
£7,500,000 bills issued 10.5.78 at $8\frac{5}{32}$% to mature 9.8.78. Total applications £60m. Total outstanding £13.5m.

METROPOLITAN BOROUGH OF STOCKPORT
£1,000,000 bills issued 10.5.78 at $8\frac{5}{32}$% to mature 9.8.78. Total applications £8m. Total outstanding £3m.

CLASSIFIED ADVERTISEMENT RATES

	Per line £	Single column cm. £
Commercial & Industrial Property	4.50	14.00
Residential Property	2.00	8.00
Appointments	4.50	14.00
Business & Investment Opportunities, Corporation Loans, Production Capacity, Businesses For Sale/Wanted	5.25	16.00
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Hotels and Travel	2.75	10.00
Book Publishers	—	7.00

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Classified Advertisement Manager,
Financial Times,
10, Cannon Street, EC4P 4BY.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Down again on tighter money fears

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 9.

THE STOCK MARKET failed in another attempt to continue its recent rally and prices finished narrowly lower in a relatively quiet session.

The retreat was attributed to profit-taking, with investors watching closely the Federal Reserve System for clues to a possible tightening of monetary policy.

The Dow Jones Industrial Average fell 2.51 to 822.07 and the NYSE Index eased 0.14 to 53.68. The Transport Index lost 1.90 to 221.51 and Stocks fell 1.44 to 283.78. Volume narrowed to 30.86m. shares, against Monday's 34.68m. Declines led advances 828 to 650.

Concern about tighter money was underscored by White House aide Stuart Eizenstat, who told the National Finance Council of the Democratic National Committee he was concerned about the continued rise in interest rates, which he feared might undercut economic recovery.

Prices began drifting lower after the opening in an extension of Monday's slight decline. A brief recovery in the morning was attributed to the dollar's continued strength in European exchanges.

Boeing Co. was the most active stock, climbing $2¼ to $49 on news that Singapore Airlines will buy 19 jet planes worth about $900m.

Lockheed rose 25 cents to $24⅞ after announcing that it may resume paying dividends soon and expected to finalise a $475m. contract with the U.S. Air Force for 279 transport aircraft.

Prices rose on the American Stock Exchange in active trading. The Amex index gained 0.14 to 140.18. Volume fell to 4.62m. Shares from 5.17m. on Monday.

Macrodyne, the volume leader, rose ¼ to $1¾ after disclosing that it plans to sell its Hardman unit. Resorts International Class "A" jumped $2¼ to $34¾.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Boeing Corpn.	400,400	49	+2¼
Planning Resrch. Cp.	347,700	6⅝	+⅞
CNA Financial Corp.	242,700	11⅞	+½
Howard Johnson Co.	253,600	14	−½
Gulf Oil Corp.	249,500	23½	−⅛
J. Ray McDermott	240,300	29	+¾
Fanch Services Inc.	237,400	16⅞	−⅜
Pan American Air	235,300	7⅜	−⅛
Exxon Corp.	234,500	47⅞	−⅜
Sears Roebuck Co.	227,800	24⅝	−⅛

OTHER MARKETS

TOKYO—Share prices closed lower, led by export-orientated issues and the Tokyo Stock Exchange index closed at 411.10, down 1.98. Electricals, Vehicles and Cameras fell throughout the session on sporadic liquidation.

Sony lost Y20 to Y1,800, TDK Electronics lost Y30 to Y2,090, Canon fell Y12 to Y481 and Nissan Motor shed Y8 to Y808. Matsushita and Sanyo Electric were also weaker. Recently-selected heavy electrical machines fell on profit-taking with Hitachi down Y3 to Y238 and Mitsubishi Electric off Y4 to Y180. Public Works, Foods, Pharmaceuticals, Oils and many other sectors also fell.

PARIS—The market moved mostly lower led by Stores and Electricals. The fall in domestic call money to 8 per cent. gave little support to the market.

Michelin, despite a higher 1977 dividend, fell 43 francs to Frs.1,435. Legrand lost Frs.25 to Frs.1,725 and Maison Phénix plunged Frs.55 to Frs.1,013. Aquitaine fell Frs.13.7 to Frs.436.3 and Redoute lost Frs.12 to Frs.578. Poclain and Télémecanique both declined by Frs.11.

FRANKFURT—Share prices were mixed to firmer on balance, with trading livelier towards the close. In Industrials, Mannesmann shed DM3.10 after announcing lower 1977 dividend, while Thyssen gained DM1.60.

Engineering were firmer, with MAN gaining DM2 to DM177, although Banks, Chemicals and Electricals were barely changed apart from AEG, which lost DM1.30. Schering was firm advancing DM4 to DM255.5. Public authority bonds were 50 pfennigs weaker.

AMSTERDAM — Share prices closed mixed with Dutch Internationals weak except for Royal Dutch, which finished unchanged. Philips lost 0.80 guilders following the announcement of lower than expected results for the first 1978 quater. Akzo and Hoog-Ovens lost Fl.1.60 and Fl.1.10 respectively. Elsewhere Shipping, transports, Banks and Insurances mostly firmed, although Amrobank and Middenstandsbank were lower. VMF and RSV firmed Fl.3 each. Lower shares included Bijenkorf, Naarden and Pakhoed.

JOHANNESBURG—Gold shares closed mixed in very quiet trading following generally unchanged bullion prices and a lack of interest. Mining Financials were mostly higher reflecting recent producer rises with Amgold up 70 cents. to R.26.75 while most other gains were about 15 cents. De Beers rose 10 cents. to R.585 on mixed demand. Colliery issues featured in a firmer Metals and Minerals sector.

The Industrial market consolidated last week's gains in fairly light trading with some institutional support. OK chalked up a 20 cent gain to R.610 following results while Ambercom slid off 10 to R.175 with takeover prospects dwindling.

BRUSSELS — Belgian share prices were mixed in lively trading. Reserve, Unerg, Sidro, Cockerill, Hainaut-Sambre, Wagons-lits, UCB and Clabecq rose. However, Sofina, Cobepa, St. Roch, Asturienne, Vieille Montagne, Bruxelles Lambert, Ebes, Gevaert, Cometra and GB fell. Petrofina and Canadian Petrofina rose, but American Petrofina fell.

AUSTRALIA — Industrials continued to firm with mining mixed and most buying interest centred on speculative counters. BHP rose 10 cents to $A6.60, ACI put on a cent to $A1.76, while The Bank of New South Wales fell six to $A5.30. Property stocks were steady, while Retailers turned mixed. Myer rose one cent to $A1.73.

Peko rose five cents to $A4.95, Bougainville a cent to $A1.19 and CRA three to $A2.23. Coals firmed with Utah and Thiess ahead, although Oakbridge fell 3 cents to $A1.65. Most mining stock gained from the overnight firmnes in metal prices.

ZURICH—Stock prices closed slightly higher following speculation that the government might relax its ban on foreign stock buying. Nestlé, Interfood and Alusuisse all advanced. Yet Domestic and Foreign Bonds drifted lower.

CANADA share prices finished mixed in active trading, with the Toronto Composite index down 1.2 at 1,091.8, but advances topped declines 225 to 206. Eight subgroups rose, including Golds, up 15 points to 1,301.8 on higher bullion prices. But Oils fell 8.9 to 1,390.5.

Cara Operations fell $1½ to $14½ and Multiple Access shed 10 cents to $4.40 after its acquisition of Channel Seventynine received approval. Pacific Pet. dropped $1 to $37¾ and Home Oil "A" shed 75 cents to $41 while Westburne gained $1⅞ to $24⅞ and Atco "A" rose $1 to $12.

In Montreal the Industrial index slipped 0.90 to 177.72 and Banks shed 0.86 to 254.85. The Composite Index declined 0.68 to 185.20.

MILAN—Stocks showed widespread losses in thin trading lacking any stimulus. Liquigas led Chemicals lower and Fiat, both Pirellis and Assicurazioni Generali also eased. Generale Immobiliaire and both Olivettis gained against the general trend however.

HONG KONG—Prices drifted lower in a quiet dull market with no fresh factors to affect activity.

Indices

NEW YORK—DOW JONES

	May 9	May 8	May 5	May 4	May 3	May 2	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	822.07	824.58	829.09	824.41	828.83	840.18	844.33 (1/5)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.80	88.89	88.90	89.06	89.05	88.85	90.86 (4/1)	88.80 (9/5)	—	—
Transport	221.51	225.41	224.78	225.80	224.29	224.78	225.51 (1/5)	199.61 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.84	105.48	105.85	105.01	106.12	105.55	110.98 (3/1)	102.84 (22/3)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	30,860	34,680	42,860	37,520	37,600	41,400	—	—	—	—

*Basis of index changed from August 24

	May 5	April 28	April 21	Year ago (approx.)
Ind. div. yield %	5.61	5.58	5.75	4.60

STANDARD AND POORS

	May 9	May 8	May 5	May 4	May 3	May 2	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
‡Industrials	105.92	106.25	106.64	105.92	106.27	107.45	107.92 (1/5)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	95.90	96.19	96.55	95.93	96.26	97.25	97.87 (1/5)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	May 3	Apr. 19	Apr. 12	Year ago (approx.)
Ind. div. yield %	5.02	5.14	5.36	4.33
Ind. P/E Ratio	9.18	8.94	8.56	10.37
Long Govt. Bond yield	8.39	8.30	8.34	7.71

N.Y.S.E. ALL COMMON

May 9	May 8	May 5	May 4	1978 High	1978 Low
55.68	53.82	53.97	56.60	54.36 (1/5)	48.37 (6/3)

Rises and Falls

	May 9	May 8	May 5
Issues traded	1,923	1,919	1,903
Rises	650	698	987
Falls	828	797	500
Unchanged	445	424	416
New Highs	—	175	175
New Lows	—	50	24

MONTREAL

	May 9	May 8	May 5	May 4	1978 High	1978 Low
Industrial	177.72	178.62	178.28	177.24	181.47 (17/4)	162.60 (16/2)
Combined	185.20	185.97	185.81	185.17	187.93 (17/4)	170.62 (30/1)
TORONTO Composite	1091.8	1093.0	1091.4	1087.4	1093.0 (8/5)	998.2 (30/1)
JOHANNESBURG Gold	194.3	192.8	194.4	(u)	219.7 (1/2)	195.0 (22/4)
Industrials	221.1	220.0	219.5	(u)	221.1 (9/5)	194.9 (15/5)

	May 9	Pre-vious	1978 High	1978 Low
Australia(*)	479.32	477.23	480.53 (2/5)	441.45 (1/1)
Belgium (‖)	99.97	101.16	101.16 (6/5)	101.16 (8/5)
Denmark(**)	94.97	94.86	96.16 (9/1)	94.00 (6/2)
France (††)	66.8	68.1	68.7 (26.4)	47.5 (6/2)
Germany(‡‡)	772.8	770.3	812.7 (10/2)	765.3 (25/4)
Holland (§§)	80.5	80.5	82.1 (10/2)	76.0 (4/4)
Hong Kong (¶¶)	451.36	455.24	461.23 (1/5)	383.44 (13/1)
Italy (‖‖)	59.85	60.01	65.56 (6/3)	55.45 (10/1)
Japan (a)	411.10	413.08	416.11 (19/4)	364.04 (4/1)
Singapore (b)	306.03	304.86	305.19 (2/5)	262.0 (1/60)

	May 9	Pre-vious	1978 High	1978 Low
Spain (d)	110.78	109.15	110.78 (3/5)	87.88 (17/3)
Sweden (e)	360.50	394.50	397.95 (3/5)	325.74 (3/1)
Switzerl'd (f)	286.0	281.2	286.56 (14/4)	279.0 (25/4)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975) † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (§) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam, Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77 (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

Forward £ weak

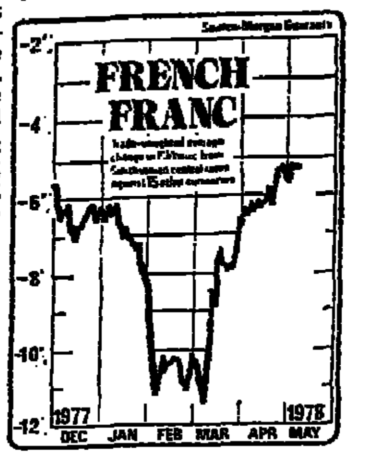
Sterling continued to lose ground, and the U.S. dollar finished below its best levels of the day in the foreign exchange market yesterday. Encouraging news from the OPEC ministerial conference continued to support the U.S. currency in early trading, but selling developed during the afternoon, and the dollar closed at DM2.0955 against the D-mark, compared with a best level of DM2.1012½, and a closing rate of DM2.09 on Monday. The dollar rose to Sw.Frs.1.9837½ in terms of the Swiss franc, before closing at Sw.Frs.1.9725, compared with Sw.Frs.1.9760 previously.

The U.S. currency's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, narrowed to 5.00 per cent. from 5.11 per cent., while the dollar's index, on Bank of England figures, rose to 90.3 from 90.1.

Forward sterling was very weak in anticipation of a possible further rise in Bank of England Minimum Lending Rate this Friday, and was also unsettled by the latest banking figures, showing a sharp rise in eligible liabilities. The twelve month discount against the dollar widened to 6.50 cents from 4.95 cents.

The Bank of England may have supported sterling when it fell to a low point of $1.8085-1.8095, from an opening level of $1.8135-1.8145, the firmest point of the day. The pound closed at $1.8115-1.8125, a fall of 60 points on the day. Its trade-weighted index, as calculated by the Bank of England, was unchanged at 61.3, after standing at 61.2 at noon and in early trading.

Gold rose $½ to $172¾-173¼ in quiet trading.



CURRENCY RATES

	Special Drawing Rights May 8	European Unit of Account May 8
Sterling	0.672568	0.675597
U.S. dollar	1.21786	1.22391
Canadian	1.36886	1.37528
Austria sch.	18.3682	18.4478
Belgian franc	39.7232	39.9210
Danish krone	6.93322	6.96863
Deutschem'rk	2.55261	2.56574
Dutch guilder	2.72981	2.74287
French franc	5.66483	5.69192
Italian lira	1060.32	1065.32
Japanese yen	274.991	275.795
Norway krone	6.62084	6.66461
Spain peseta	98.8687	99.3184
Swedish krone	5.65874	5.68514
Swiss franc	2.41195	2.42386

GOLD MARKET

	May 9	May 8
Gold Bullion (a fine ounce) Close	$172¾-173¼	$172-172½
Opening	$171½-172¼	$172¼-173
Morning fix'g	$172.15 (£94.990)	$171.85 (£94.442)
Afternoon fix'g	$172.70 (£95.293)	$172.20 (£94.667)
Gold Coins domestically Krugerrand	$176¾-178¾ (£97½-98½)	$177-179 (£97½-98½)
New Sov'igns	$53-55 (£29¼-30¼)	$53-55 (£29¼-30¼)
Old Sov'igns	$53-55 (£29¼-30¼)	$53-55 (£29¼-30¼)
Gold Coins (Internat'lly) Krugerrand	$176¾-178¾ (£97½-98½)	$177-179 (£97½-98½)
New Sov'igns	$53½-55½ (£29½-30½)	$54-55 (£29¼-30¼)
Old Sov'igns	$53½-55½ (£29½-30½)	$53-55 (£29¼-30¼)
$20 Eagles	$276½-279½	$276¼-279¼

FOREIGN EXCHANGES

May 9	Bank Rates %	Market Rates Day's spread	Market Rates Close
New York	6½	1.8085-1.8145	1.8115-1.8125
Montreal	8½	2.0325-2.0376	2.0355-2.0375
Amsterdam	4	4.04-4.07	4.06-4.07
Brussels	5½	58.90-59.25	59.00-59.10
Copenhagen	9	10.29-10.33	10.32-10.33
Frankfurt	3	3.78-3.81½	3.79½-3.80½
Lisbon	18	81.95-82.50	82.30-82.50
Madrid	8	146.50-147.50	147.00-147.50
Milan	11½	1,570-1,580	1,577-1,578
Oslo	7	9.83-9.89	9.88½-9.87½
Paris	9½	8.38½-8.45½	8.40¼-8.41¼
Stockholm	7	8.38½-8.44	8.42½-8.43½
Tokyo	3½	405-412	407½-408½
Vienna	6½	27.15-27.40	27.27-27.37
Zurich	1	3.56½-3.60	3.56⅞-3.57⅞

Rates given for convertible francs. Financial franc 59.15-59.35.

OTHER MARKETS

			Notes Rates
Argentina	1,395-1,397	Argentina	1250-1350
Australia	1.5971-1.6130	Austria	26.5-28.0
Brazil	31.02-32.02	Belgium	58½-60
Finland	7.59-7.69	Brazil	33-38
Greece	67.318-68.936	Canada	2.03-2.04
Hong Kong	8.40-8.42½	Denmark	10.20-10.35
Iran	124-130	France	8.35-8.45
Kuwait	0.499-0.509	Germany	3.75-3.85
Luxemb'rg	59.00-59.10	Greece	68-72
Malaysia	4.5450-4.5685	Italy	1545-1595
N. Zealand	1.7857-1.8055	Japan	4.08-4.18
Saudi Arabia	618-628	Netherl'nds	4.00-4.10
Singapore	4.2250-4.2400	Norway	9.80-9.95
S. Africa	1.5615-1.5866	Portugal	76-85
U.S.		Spain	144½-147½
Canada		Switz'land	3.54-3.61
CSI		U.S.	1.80-1.82
U.S. cents	88.86-88.99	Yugoslavia	34½-36½

Rate given for Argentina is a free rate.

FORWARD RATES

	One month	Three months
New York	0.65-0.55 c. pm	1.65-1.55 c. pm
Montreal	0.65-0.55 c. pm	1.25-1.15 c. pm
Amst'dam	2½-1½ c. pm	7½-6½ c. pm
Brussels	35-25 c. pm	85-70 c. pm
Cop'nhgn.	3½-5½ ore dis	8½-10½ ore dis
Frankfurt	2⅛-1⅛ pf pm	8-7 pf pm
Lisbon	50-200 c. dis	150-500 c. dis
Madrid	par-80 c. dis	40-140 c. dis
Milan	1-6 lire dis	7-12 lire dis
Oslo	2½-4½ ore dis	5¾-7½ ore dis
Paris	1½-½ c. pm	4½-3½ c. pm
St'kholm	[illegible] ore dis	2½-1½ ore dis
Vienna	16-6 gro pm	30-20 gro pm
Zurich	3⅝-2⅝ c. pm	9½-8½ c. pm

Six-month forward dollar 3.25-3.15c pm. 12-month 6.55-6.45c pm.

EXCHANGE CROSS-RATES

May 9	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.095-096	49.09-19	6.425-455	3.795-806	95.50-60	106.00-15
New York	47.72-81	—	21.56-61	3.254-069	1.8145-55	44.64-70	50.70-75
Paris	21.65-2.15	4.645-657	—	14.245-270	8.415-435	207.31-31	234.75-5.25
Brussels	15.53-58	32.56-65	16.44-49	—	58.09-9.14	14.53-55	16.44-49
London	3.79½-80½	1.8115-25	8.40½-41½	59.03-59.10	—	4.06-07	3.56½-57½
Amst'dam	105.56-91	2.240-242	46.14-19	6.868-870	4.067-069	—	115.18-25
Zurich	94.182-274	1.975-976	42.50-54	34.67-70	3.579-582	88.032-135	—

U.S. $ in Toronto U.S.=112.20-112.24 Canadian cents
Canadian $ in New York=89.02-89.04 cents. U.S. $ in Milan 870.00-870.80
Sterling in Milan 1576.50-1577.00

EURO-CURRENCY INTEREST RATES*

May 9	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss franc	W. German mark
Short term	9-9½	7-8	7¼-7½	4⅜-4⅝	⅜-½	3⅛-3¼
7 days' notice	9½-10	7-8	7¼-7½	4¼-4½	⅝-¾	3¼-3⅜
Month	11-11½	7½-7⅞	7⅜-7⅝	4¼-4½	¾-⅞	3½-3¾
Three months	11⅝-11¾	7¾-8⅛	7¾-8	4⅜-4⅝	1-1⅛	3½-3⅝
Six months	11¾-12¼	8⅛-8½	8-8¼	4½-4¾	1¼-1⅜	3½-3⅝
One year	12⅛-12⅝	8¼-8⅝	8⅛-8⅜	4⅞-5⅛	1½-1⅝	3½-3⅝

Euro-French deposit rates: two-day 8⁷⁄₁₆-8⁹⁄₁₆ per cent.; seven-day 8½-8⅞ per cent.; one-month 8⅞-9 per cent.; three-month 9½-9⅝ per cent.; six-month 9⅝-10 per cent.; one-year 10-10⅛ per cent.

Long-term Eurodollar deposits: two years 8⁵⁄₁₆-8⁷⁄₁₆ per cent.; three years 8⁷⁄₁₆-8⁹⁄₁₆ per cent.; four years 8⁹⁄₁₆-8¹¹⁄₁₆ per cent.; five years 8⅝-8¾ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 7.40-7.50 per cent.; three-month 7.60-7.70 per cent.; six-month 7.95-8.05 per cent.; one-year 8.10-8.20 per cent.

* Rates are nominal calling rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. $2.60 to £—110¼% (110¼%)
Effective rate (1.8120) 46¼% (47%)

NEW YORK

[illegible]

CANADA

[illegible]

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated; yields based on net dividends plus tax. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♦ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. ± Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

GERMANY ◆

May 9	Price Dm.	+ or −	Div. %	Yld. %
AEG	84.3	−1.3	—	—
Allianz Versich.	466.5	......	18	1.9
BMW	226	−0.5	18	4.0
BASF	136.2	+0.5	18.76	6.9
Bayer	139.7	+0.7	16	—
Bayer. Hypo.	277	−0.5	18	3.2
Bayer. Vereinsbk.	291xd	−0.1	18	3.1
Ciba Int. Neckwrt.	160	......	—	—
Commerzbank	226.9	−0.9	17	7.5
Cont. Gummi	72.2	+0.2	—	—
Daimler Benz	296.5	+0.5	28.12	4.7
Degussa	246xd	......	17	3.5
Demag	154.5	+2.5	14	4.5
Deutsche Bank	290.5	−0.5	18	3.1
Dresdner Bank	240xd	−1	28.12	5.9
Dyckerhoff Zemt.	146	−3	4	1.4
Gutehoffnung	191.2	−0.2	12	3.2
Hapag Lloyd	115	−0.5	12	5.2
Harpener	282	−0.5	9	3.2
Hoechst	134.8	+1.1	16	—
Hoesch	45.8	−0.2	4	4.5
Horten	120	+0.5	10	4.2
Kali und Salz	135	......	9	3.7
Karstadt	296.5	......	20	3.3
Kaufhof	199.8	+1.3	12	6.0
Klockner DM100	91.5	−1	—	—
KHD	174	+1	12	3.4
Krupp	98	+0.5	—	—
Linde	235	+1.5	16	3.4
Lowenbrau 100	1,480xd	......	25	8.4
Lufthansa	107.2	+0.7	7	3.3
MAN	177	+2	12	3.4
Mannesmann	153.7	−3.1	14	4.5
Metallges.	201	−2.5	10	2.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO ¶

May 9	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	340	......	14	2.1
Canon	481	−12	12	1.2
Casio	598	−2	25	2.1
Chinon	360	−5	20	2.8
Dai Nippon Print	555	−3	18	1.6
Fuji Photo	576	−12	15	1.3
Hitachi	238	−3	12	2.5
Honda Motors	587	−4	18	1.5
House Food	1,170	......	35	1.5
C. Itoh	225	−3	12	2.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities, Tokyo

AUSTRALIA

May 9	Aust. $	+ or −
ACMIL (25 cents)	†0.72	+0.01
Acrow Australia	†0.81	.....
Allied Mnl.-Trading. Inds $1	†2.30	−0.05
Ampol Exploration	†1.42	......
Ampol Petroleum	†0.79	......
Assoc. Minerals	†1.15	......
Assoc. Pulp Paper $1	†1.18	......
Assoc. Con. Industries	†1.73	......
Aust. Foundation Invest.	†0.92	[illegible]
[illegible]	[illegible]	[illegible]

OSLO

May 9	Price Kroner	+ or −	Div. %	Yld. %
Bergen Bank	94	+1	9	9.6
Borregaard	63.0	−0.5	4	6.4
Creditbank	108.0	......	11	9.5
Kosmos	245xd	......	20	8.1
Kreditkassen	108	+1	11	10.2
Norsk Hydro Kr.80	188.0	−0.25	12	5.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRAZIL

[illegible]

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

Securities Rand $U.S.0.73¼
(Discount of 36.25%)

SPAIN ♥

[illegible]

AMSTERDAM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

PARIS

[illegible]

SWITZERLAND ●

[illegible]

COPENHAGEN ♣

[illegible]

STOCKHOLM

[illegible]

MILAN

[illegible]

VIENNA

[illegible]

FARMING AND RAW MATERIALS

Farm talks move towards climax

BY MARGARET VAN HATTEM BRUSSELS, May 9.

AFTER ANOTHER day of inconclusive talks, EEC Agriculture Ministers negotiating the annual farm price review broke off early this evening in anticipation of a crucial marathon session tomorrow.

The Commission is expected to table later to-morrow its final proposals representing a compromise between the different national positions. Reaction to this should determine whether there is to be a settlement this week.

Although there has been no apparent progress to-day on the biggest problem area — the financing of a 1.9bn. units of account package of aids to Mediterranean producers, on which Britain and Germany say the proportion of proposed Community spending should be cut — the shape of the final agreement is beginning to emerge.

At this stage, no single issue appears big enough to threaten the entire package. The fact that British and German opposition to the cost of the Mediterranean projects has emerged so late in the proceedings—five months after the proposals were first put forward—suggests a bargaining ploy rather than fundamental objection.

British and German officials privately admitted as much today. Moreover, both countries have been careful to avoid taking a hard-and-fast position here.

Other thorny issues — milk and cereal prices, pigmeat subsidies, wine, the U.K. milk marketing Boards—though not resolved, appear to be of secondary importance and, therefore, even less likely to cause a breakdown.

Sterling grain bill 'lost Canada $82m.'

BY OUR COMMODITIES STAFF WINNIPEG, May 9.

THE CANADIAN Wheat Board has told how it lost $C81.5m. on sales of 1.2bn. bushels of grain to China between 1961 and 1976 because of the fall in the value of the pound.

In its latest issue of Grain Matters, sent to Canadian farmers, the Board says China insisted on paying in sterling for all grain contracts between 1961 and 1976 and that payment be deferred.

"With the declining value of sterling in later years," the Wheat Board says, the result was "a net difference of about $C81.5m. between the spot Canadian dollar values at time of sale and the Canadian dollars actually received."

China-watchers in Hong Kong say millions of Chinese commune members in two eastern provinces are fighting a persistent drought which is threatening wheat and other crops.

In Anhwei Province 3.2m. people started anti-drought operations a month ago to irrigate parched wheat fields and sow sorghum and maize.

In Kiangsu Province 2.5m. people were moved into anti-drought work in a bid to save wheat, maize and cotton crops.

● Canada's coarse grain supplies for the 1978-79 crop year are likely to be at least as large as those in the current season, according to a new report on prospects.

"Overall, year-end stocks of coarse grains for the 1977-78 crop year are likely to increase by about a third from levels at the beginning of the year," the report said.

Domestic use of coarse grains is not expected to show much change from 1977-78 levels and the carryover may rise further next year if exports do not increase.

Tin prices surge ahead

By John Edwards, Commodities Editor

TIN PRICES surged ahead again on the London Metal Exchange yesterday. Despite some late profit-taking in the afternoon, standard grade cash tin closed £130 up at £6,605 a tonne—its highest point since December and some £600 higher than a month ago.

Yesterday's rise was attributed to an unexpectedly sharp increase in the Penang market overnight when supplies had to be rationed because of strong demand. London values were further boosted by a continuing shortage of supplies immediately available, and the weaker tone of sterling.

Other base metal markets, however, were quiet and subdued. More North American lead producers followed the cut in the U.S. domestic price of 2 cents down to 31 cents a lb.

Hudsons Bay of Canada announced it was lifting its European produced price by $25 to $575 a tonne in line with the surprise increase by Noranda at the end of last week.

In Lusaka, Mr. Kingsley Chinkuli, Zambian Mines Minister, said that about 99,000 tonnes of copper was being held up on the way to world markets because of transport problems.

He urged the 4,000 white miners on the copperbelt not to panic over Zambia's present economic crisis.

EGG ECONOMICS

Making the most of layers

BY OUR COMMODITIES STAFF

EGG FARMERS in Britain who handle their own sales through wholesalers and retail shops make far bigger profits than their competitors who leave this part of the job to packing stations.

A report just published by the University of Manchester on egg farming* shows that the profits of the first group were almost double those of farmers selling to packers.

"The simple reason for the far superior profitability of the producer wholesale/retail (PWR) units was that although their extra costs of marketing added over 3p a dozen to total costs, the extra returns from marketing added over 6p a dozen to total returns," the paper says.

But the author, Mr. David Burton, also notes that birds belonging to egg farmers who handled their own marketing tended to produce fewer eggs for the same amount of feed than birds on farms owned by men who left the selling to packing stations. Presumably this is because the first group of producers had less time to look after their stock.

"This suggests that if production standards are to be maintained or improved, any envisaged marketing operation should be kept fairly simple," Mr. Burton counsels.

His investigation showed that 45 per cent. of the packing station suppliers under study made profits of less than 50p a bird while only 10 per cent. of the PWR farmers fell into this group.

On the other hand, more than 20 per cent. of the PWR men earned above £1.50 a layer and only 5 per cent. of their counterparts could match this.

Noting that farmers could cut feed costs by 15 per cent. by mixing their own rations, Mr. Burton says "profit margins on units using purchased feed were extremely low on average."

His analysis also emphasises the importance of pushing laying hens to the maximum performance. He shows that producers achieving yields of more than 250 eggs a year from each bird earned "well over three times" the profits of those averaging fewer than 240 eggs.

For all the profit advantages in by-passing the packing station route to the market, as well as the danger of allowing husbandry standards to slip because of the extra work, a PWR farm needs almost twice as much labour per 1,000 birds as the simpler unit.

Packing station suppliers also seem much more likely to benefit from the economies of scale, certainly up to the 20,000-bird unit. "On the other hand," Mr. Burton remarks, "there was little evidence of economies of scale within the PWR group."

He concludes that if the egg industry continues its recent trend towards contraction, the first to go to the wall will be smaller-scale specialist egg farmers — packing station suppliers who buy in ready-made feed.

* The Economics of Egg Production, by David A. Burton, University of Manchester. Price £2.50.

. . . and the best use of pigs

THERE IS an old saying among farmers that every bit of a pig—except the squeak—can be put to good use. True as this may be, it is evident that a good deal of the value of most pigs slaughtered in Britain goes down the drain or into the incinerator.

A study of the use made of the more unpleasant portions of the animal suggests that they could be worth about £3m. a year.

It is estimated, for example, that British abattoirs produce about 45,000 tonnes of pigs' blood a year. Three-quarters of this is dumped into the drainage system. In 1975 the U.K. imported almost 6,500 tonnes of blood powder and plasma.

Most pork bone produced in Britain finds its way into the domestic dustbin at present. Imports of bone meal have been about 1.25m. tonnes a year.

The study also suggests other national economies that could be made for instance, in the greater use of pigs' glands for pharmaceuticals. Imports of such parts in 1975 cost £1.3m. Although synthetic insulin is now common, there is still a market for animal pancreas glands for making the "natural" product.

And, of course, certain Eastern countries are cited as big spenders on gallstones for their reputed aphrodisiac powers.

The report concludes that, since the world needs protein, there must be greater interest in extracting it from the more "marginal" sources. And there is a need for a serious economic inquiry into all aspects of the recovery of by-products so often thrown away by modern abattoirs.

Farm Business Review No 4, University of Exeter, Price £1

Sugar pact unlikely to meet schedule

THERE ARE still serious doubts whether the International Sugar agreement reserve stock financing scheme will be brought into effect on schedule on July 1 reports Reuter.

Delegates attending International Sugar Organisation meetings in London point out that Japan and the U.S. have yet to pass the necessary legislation, and the Soviet Union has so far said it will not implement the scheme.

As a result, next week's meeting of the Executive Committee and the full council may postpone introduction of the stock financing fund, delegates stated.

This fund would be used to help countries finance the reserve stocks that, along with export quotas, are the key economic clauses of the agreement.

In Washington it was reported that the Senate finance subcommittee on sugar and tourism has scheduled hearings this Thursday and Friday on U.S. participation in the International Sugar Agreement.

The sub-committee, is expected to review a Bill authorising U.S. participation in the agreement and setting up a companion domestic sugar programme, introduced by 28 Senators, led by Senator Frank Church.

Senator Church has said he will oppose any move for U.S. participation in the agreement until a companion domestic programme is in effect.

Milk stance threat

BY DAVID BUCHAN STRASBOURG, May 9.

MR. JOHN SILKIN'S defence of U.K. Milk Marketing Boards in the price review talks has been undermined by a European Parliament agricultural committee's resolution which calls for the Boards' abolition and says they are incompatible with Rome Treaty competition rules.

This was the claim made today by angry British Labour members of the committee, who said that but for the insistence of Conservative Party Whips on keeping all their members at Westminster for last night's Commons vote on the Finance Bill, the seven to three vote by the Agricultural Committee could have been overturned.

The presence of Tory MPs at Westminster also kept Labour members of the Euro-Parliament committee there.

Mr. Mark Hughes, the U.K. Labour MP who is the rapporteur of the agricultural committee, said all six U.K. members of the committee had been expressly asked by the Milk Marketing Boards to vote down last night's resolution.

Tabled by German, Dutch and Belgian MPs, it argues that the boards are monopolistic and distort trade in EEC milk products. It also claims that the high level of liquid milk sales in the U.K. is due to the efficiency of the distribution system not the boards.

Workers call for watch on farm sales

Financial Times Reporter

FARM WORKERS want the Government to keep a watch on buyers of farmland to ensure that it is used for agriculture.

They are worried about thousands of acres of rural land being bought up for other purposes, or not used at all.

Delegates to the conference of the National Union of Agriculture and Allied Workers at Southport told their executive to ask the Government to restrict future sales of all agricultural land.

The conference expressed concern at the increased buying of agricultural land by institutions here and abroad.

Mr. Donald Taylor, from Kent, said it was believed that about 75,000 acres of prime agricultural land were being acquired each year by people who had no agricultural experience and no intention of farming the land.

U.S. opposes palm oil expansion

BY OUR COMMODITIES STAFF

THE U.S. would not support loans through organisations such as the World Bank for further palm oil development in major exporting countries, according to Mr. P. R. Smith, assistant secretary for marketing services in the U.S. Agriculture Department, reports Reuter

In a speech to the National Cottonseed Products Association, Mr. Smith commented: "We do not feel obligated to provide any money to countries abroad to develop the production of any commodity that is now in over-supply."

He forecasts that, within the next decade, world protein and oil supplies would be abundant, and vegetable oil would be in over-supply.

The world potential output of fats and oils for 1978 is forecast at 52.6m. tonnes, 4.6m. tonnes above last year, and world exports are forecast at 17.4m. tonnes, 750,000 above last year.

Vegetable oil prices are stronger than anticipated owing to the weakness of the U.S. dollar, and the less than expected oilseed production in India, the U.S.S.R., China, and Brazil.

The current situation is neither stable nor typical, Mr. Smith declared. Malaysian palm oil could account for about 13 per cent. of total world edible oil trade by 1980, if the Government is successful in promoting palm oil production.

Mr. Smith said, Malaysia has asked in the Multilateral Trade Negotiations that import duties on palm oil be locked in at zero. The oilseed industry is currently a free-trade area, but the U.S. could raise tariffs to three cents a pound.

Mexican coffee sales expected

NEW YORK, May 9.

MEXICO WILL probably re-open coffee export registrations with sales for the next 30 days limited to 150,000 bags, coffee sources said here yesterday.

They said that the country will apparently open registrations at the 171.25 cent level, fob Laredo. The country's minimum registration price is expected to change weekly, based on the average of the Brazilian and Colombian indicators minus 5 cents, they added.

Reuter

Soviet study for Guyana alumina plant

May 9.

THE SOVIET Union is likely to conduct the feasibility study for a proposed 600,000 tons alumina plant to be set up here as part of the expansion and diversification of the local bauxite industry, according to reliable sources.

The Russians have a team here studying possible assistance in the field of mineral exploitation, and a protocol on the alumina project is expected to be signed before the team leaves in another few days.

The sources could not say for a fact whether the Russians would finance the construction of a plant, but pointed out that this had usually been the case where they conducted the studies.

It was noted too that whenever the Russians finance such a project, they usually take some of the product in part payment for the loan.

Guyana's present alumina capacity is about 300,000 tons, and it is believed that expansion of the output can take place either at the major operations at Linden or at the smaller works in Berbice County, using conventional high-grade bauxite already mined at both locations.

On the other hand, it might be feasible to exploit what is believed to be very considerable reserves of lower grade lateritic ores readily available in the Linden area. Preliminary studies to determine the optimum processing techniques for such ores have already been completed.

Alumina expansion is one of a number of projects being considered by the Bauxite Industry Development Company, which is the holding company for Guymine the Guyana Mining Enterprise. Guymine has absorbed the operations of the two formerly North American-owned companies which were not nationalised in 1971 and 1975.

One is for an aluminium smelter to be sited in the Linden area on the Demerara River and which is linked to a proposed hydropower scheme—both costing nearly £500m. The target date for this project has now been pushed forward.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Marginally firmer in very quiet trading on the London Metal Exchange. Forward metal traded between £711 and £714.5 with small volumes traded, and touched its high point for the day in the afternoon before turning easier to close at £713 on the late kerb. [illegible]

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars				
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Sett'm't	[illegible]	[illegible]	[illegible]	[illegible]
Cathodes				
Cash	684.5-5	+4	685-6	+4
3 months	702-.5	+5.75	703-4	+4
Settl'm't	685	+4	—	......
U.S. Smt.	—	......	64	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £699, 93.5, 94, three months £711, 12, 11, 11.5. Cathodes cash £684.5, three months £702, 2.5, 1.5. Kerb: Wirebars, three months £712, 12.5, 13. Afternoon: Wirebars, three months £714, 14.5, 14, 13.5, 13, 13.5. Cathodes, three months £708.5. Kerb: Wirebars, three months £712.5, 12, 12.5, 13, 12.5, 12.

TIN—Gained ground. The rise in the Penang price coupled with a weak pound against the dollar saw forward standard metal open firmer at £6,430 and rise to £6,498 before easing back to close at £6,435 on the late kerb owing to profit-taking and the lack of any physical demand. The backwardation widened [illegible]

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade				
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]	[illegible]	[illegible]
Standard				
Cash	6590-600	+85	6595-615	+130
3 months	6450-5	+70	6445-50	+72.5
Settlem't	6600	+85	—	......
Straits E.	†$1683	+19	—	......
New York	—	......	*537.50	......

Morning: Standard, cash £6,580, 85, 90, 95, 90, three months £6,450, 55, 60, 65, 60. Kerb: Standard, cash £6,602, three months £6,465, 70. Afternoon: Standard, three months £6,480, £6,550, 55, 40, 30, 40, 45. Kerb: Standard, three months £6,445, 40, 35.

LEAD—Barely changed. Values were quietly firm throughout the day with forward metal touching £309.5 in the afternoon rings before losing ground to close at £308 on the late kerb. Turnover, 4,450 tonnes.

[illegible]

GRAINS

[illegible]

SILVER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

SUGAR

LONDON DAILY PRICE (raw sugar) £102.50 (£101.50) a tonne cif for May-June shipment. White sugar daily price was fixed at £109.00 (£108.00).

The market opened slightly above kerb levels but eased later following agency reports that implementation of the ISA stock fee might be postponed for [illegible]

WOOL FUTURES

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

JUTE

[illegible]

MEAT/VEGETABLES

[illegible]

Valencia: 4.30-4.70; Barcelona: Mataros 4.90; Majorca: 5.00. Tomatoes—Canary: 3.00-4.00; Jersey: 4.50; Dutch: 4.60; Guernsey: 4.60-4.80. Carrots—Cyprus: 1.40. Asparagus—Californian: Per pound 0.90-1.00; Hungarian: Per bundle 0.70. English Produce: Potatoes—Per 56-lb. Whites/Reds 2.30-2.70. Lettuce—Per 12s 1.20-1.30. Beetroots—Per 28-lb 1.40. Turnips—Per 28-lb 1.00. Carrots—Per [illegible]

(+8.5): Pigs up 24.6 per cent., average price 64.7p (+0.2).

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 256 tonnes, bringing the total for the week so far to 681 tonnes. F. W. Tattersall reported. Fair miscellaneous trading developed in the market with renewed interest in S. American and African qualities. The call for Turkish and other Middle Eastern styles was less insistent.

S. African citrus sales to rise

By Bernard Simon

JOHANNESBURG, May 9.

SOUTH AFRICA's citrus exports this year are expected to be about 10 per cent. higher than 1977's 367,605 tonnes, according to the Citrus Exchange in Pretoria.

The total 1978 orange crop is estimated at 35.9m. 15 kg cartons, compared to 30.6m. cartons last year. Grapefruit production is likely to rise from 6m. to 6.2m. cartons, and the lemon crop from 1.6m. to 1.7m. cartons.

Mr. Ray Hauptfleisch, commercial manager of the Citrus Exchange, expects competition on overseas markets to be fierce.

Britain is once again expected to be the major market for South African citrus this year. In 1977, the U.K. took about 26 per cent. of the total exports. Next in importance are likely to be France, Germany, the Benelux countries and Iran.

CHINA MAY BUY MORE IRON ORE

CANBERRA, May 9.

AUSTRALIAN Industry and Commerce Minister, Mr. Phillip Lynch, said he had received high-level assurances that China would import considerably larger quantities of Australian iron ore if prices were competitive.

Mr. Lynch said in a statement released on his return from a visit to China that the Chinese required significantly increased quantities of ore to meet steel production targets, and he was told Australian ores were suitable for blending with Chinese.

Reuter

PRICE CHANGES

Prices per tonne unless otherwise stated.

	May 9 1978	+ or —	Month ago
[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

GRIMSBY FISH—[illegible]

CORAL INDEX: Close 469-474

U.S. Markets

Sugar and cocoa eased

NEW YORK, May 9.

PRECIOUS METALS held steady for most of the session, but closed on an easier tone as a leading Commission House recommended selling DOL late in the day. Copper closed low on chartist selling. Cocoa eased on trade arbitrage selling. Sugar eased on local selling in fairly light volume, Bache reports.

Cocoa—May 150.25 (153.05), July 147.25 (149.85), Sept. 143.00, Dec. 130.90, March 132.90, May 130.15, July 127.85. Sales, 788 lots.

Coffee—"C" Contract: May 175.00-175.40 (174.88), July 154.50 (152.92), Sept. 138.00, Dec. 125.20, March 118.00-119.00, May 115.00-116.00, July 113.00-11[illegible], Sept. 111.00-111.50. Sales, 286 lots.

Copper—May 57.80 (58.30), June 58.20 (58.70), July 58.50, Sept. 59.90, Dec. 61.40, Jan. 61.90, March 62.90, May 63.90, July 64.90, Sept. 65.90, Dec. 67.40, Jan. 67.90, March 68.00. Sales, 1,000 lots.

Cotton—No. 2 May expired. July [illegible]-60.10 (59.67), Oct. 61.95 (61.55), Dec. 6[illegible]-63.20, March 64.15, May 65.05, July 65.15 bid, Oct. 64.70 bid. Sales: 555,000 bales.

*Gold—May 172.30 (172.00), June 172.80 (172.60), July 173.80, Aug. 174.90, Oct. 177.10, Dec. 179.40, Feb. 181.80, April 184.30, June 186.90, Aug. 189.50, Oct. 192.20, Dec. 194.90, Feb. 197.60. Sales: 4,100 lots.

†Lard—New York prime steam 24.00 traded (24.00 asked).

‡Maize—May 252-252½ (250½), July 250½-251 (248½), Sept. 249½-249¼, Dec. 250½-250¾, March 257½, May 260½-260.

§Platinum—July 216.40-216.80 (216.00), Oct. 218.10-218.40 (219.00), Jan. 220.50-220.50, April 224.00-222.80, July 224.90-225.10, Oct. 228.00-230.00, Jan. 230.60-231.00. Sales: 1,234 lots.

§Silver—May 501.30 (506.20), June 504.00 (504.80), July 506.50, Sept. 513.60, Dec. 525.00, Jan. 529.00, March 537.10, May 545.30, July 553.80, Sept. 562.40, Dec. 575.40, Jan. 579.80, March 588.90. Sales: 6,000 lots. Handy and Harman spot bullion: 504.40 (502.70).

Soyabeans—May 716-715 (708½), July 703-704½ (694), Aug. 686-685½, Sept. 648-650, Nov. 618-621, Jan. 623-624, March 630-633, May 635.

||Soyabean Meal—May 176.50 (174.50), [illegible]

STOCK EXCHANGE REPORT

Dearer money trends and CBI survey upset markets

Gilts extend falls late to £1—Share index down 9 at 471.1

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr. 17	Apr. 27	Apr. 28	May 10
May 2	May 11	May 12	May 23
May 15	May 25	May 26	Jun. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The prospect of yet a further rise in interest rates was cause for initial concern in stock markets yesterday. A cheerless Confederation of British Industry survey and the sharp increase in clearing banks' eligible liabilities to mid-April combined to set the seal on a gloomy day in both British Funds and equities.

Recent institutional buyers shied away throughout when stock was offered and, although overall selling pressure was only light, losses in the funds after the official close were stretching to a full point, while leading industrials presented double-figure losses extending to 13.

Dearer money fears had become evident before the announcement of clearing bank base-rate increases to 9 per cent. and there was speculation that Minimum Lending Rate would rise again this Friday, perhaps to 9½ per cent. The CBI pointer to weak exports and a lack of improvement in the general business situation aroused further pessimism.

However, it was the after-hours' news of a 3.1 per cent. rise in the latest banking figures which undermined Gilt-edged values. Standing some ½ lower before the announcement, all maturities weakened as renewed nervous selling easily satisfied a few cheap buyers to leave late falls ranging to a point. This was not fully reflected in the F.T. Government Securities Index which, at 71.12, down 0.31, still fell to a fresh low for the year.

Rallies in leading equities were short-lived and the F.T. Industrial Ordinary share index settled 9 points down at the day's worst at 471.1. Secondary issues rarely escaped the easiness, while the FT-Actuaries bank sub-section index mirrored the narrowing of margin in bank deposit and base rates with an above-average loss of 3.5 per cent. to 194.61. Rowntree Mackintosh's £36.1m. rights issue was a talking point only in the early trading and was subsequently overtaken by other events.

Gilts uncertain late

First glance of the latest clearing banks' eligible liabilities threw the market in gilt-edged into fresh uncertainty and extended earlier falls, generally of ½ to around a point in business after the official close. Beforehand, there had been muted optimism that the figures might not be too bad and some cheap buying had reduced earlier falls in both the longs and shorts, although doubts persisted that last week's rise in Minimum Lending Rate was not enough. Corporations were dull and among recently-issued Fixed Interests Tebbitt 15 per cent. Convertible 1983, which was offered to shareholders by way of rights, made an uneventful debut at £1 premium, in nil-paid form, on each £100-worth of stock.

The market in Traded Options was much quieter with contracts totalling 493 compared with the previous day's 762. Over 70 per cent. of yesterday's dealings were done in three stocks, Courtaulds (184), Marks and Spencer (103) and ICI (68). Monday's volume totals were incorrectly shown in yesterday's issue: the July, October and January positions should have been given as 363, 228 and 171 respectively.

In a reasonable two-way business, the investment currency market again traded within a narrow range with the premium closing unchanged at 110½ per cent., after 110¾ per cent. Yesterday's conversion factor was 0.6824 (0.6805).

Canadian Imperial Bank were quoted ex the rights issue with the new shares at 33p premium. Antofagasta Railway showed renewed firmness, the Ordinary shares rising ½ to £18.

Banks dull

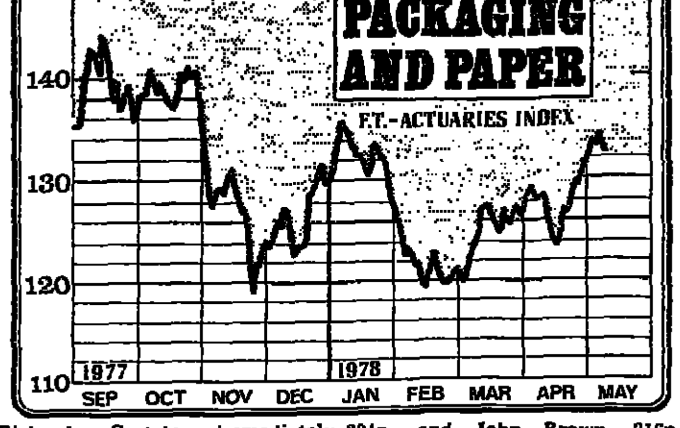
A rising market of late in anticipation of an increase in base lending rates, the major clearing banks went into reverse yesterday. Already easier with the general trend, prices drifted lower still and closed at, or near, the day's lowest following the announcements of rises of 1½ to 9 per cent. in lending rates and 2 per cent. to 6 per cent. in deposit rates; after-hours publication of the latest lending figures had no impact on sentiment. Barclays ended 12 off at 343p, after 340p, while NatWest were a similar amount lower at 283p, after 280p. Midland also shed 12 to 368p, and Lloyds 10 to 280p. Bank of Scotland fell 10 to 290p, after 288p. Bank of Ireland receded 8 to 362p following the results but Allied Irish edged forward 3 to 180p in front of to-day's annual figures. Merchant Banks eased throughout with Guinness Peat 5 lower at 220p and Hambros 9 down at 178p. Still unsettled by the current trend toward dearer credit, Hire Purchases gave further ground. UDT shed 3 to 34p as did FC Finance, to 65p.

In front of to-day's first-quarter figures, Royal Insurance lost 10 to 376p, after 372p, while Sun Alliance ended a like amount easier at 534p, after 532p. Guardian Royal Exchange declined 6 to 230p and Eagle Star 5 to 143p. Commercial Union eased 3 to 153p, after 152p, despite favourable comment on the first-quarter profits performance. Elsewhere, Hambro Life shed 10 to 315p following the annual report and Pearl gave up 6 to 236p. Among Brokers, Willis Faber, 257p, and C. E. Heath, 265p, fell 13 and 10 respectively.

Distillers, down 6 at 179p, met selling following a Press report that the company is faced with a price war involving its brands of whisky sold on the Japanese market. Leading Breweries turned easier, with Allied 92p, and Scottish and Newcastle, 66½p, recording losses of around 2.

Special reasons were behind the bigger price movements in Building issues, the surrounding dullness overshadowing the March recovery in housebuilding.

Standing 4 easier at 286p ahead of the annual trading statement, Richard Costain immediately improved on the better-than-expected profits and the proposed 50 per cent. scrip issue and closed 10 up on balance at 300p. In contrast, FPA Construction fell 6 to 17p on the sharply lower profits and the absence of a final dividend. Marchwiel, 298p, relinquished 10 of the previous day's rise of 17 after further consideration of the capital reorganisation plans and Newarthill, in sympathy, eased 4 to 153p. Taylor Woodrow continued firmly, adding 4 to 386p, and Fairclough Construction put on 5 to 75p after renewed interest. Elsewhere, Magnet and Southerns put on 5 to 188p and, following the annual results, Mallinson-Denny rallied to close without alteration at 50p after having been a shade easier. P. C. Henderson A closed a penny better at 60p despite the lower profits.



General uncertainties depressed Chemicals in which ICI eased 9 to 345p and Fisons 4 to 351p. Albright and Wilson closed 4 lower at 120p and Hickson and Welch eased 3 to 187p. In contrast, Brent firmed 4 to 228p and Wolstenholme Bronze 3 to 193p.

Utd. Scientific down

Apart from Thorn, down 8 at 352p, losses were limited to a penny or so in the Electrical leaders. Elsewhere, United Scientific, 14 lower at 308p, reflected disappointment with the half-yearly statement, while the interim results accompanied by a rights issue and dividend and profits forecast left Wellco 1½ cheaper at 24p.

Leading Stores continued to drift lower on small selling and lack of support. Gussies A ended 10 off at 288p and British Home 6 down at 188p, while Mothercare declined 4 to 160p. Elsewhere, Cope Sportswear receded 7 to 88p. Among Shoes, Booth (International) gave up 2 to 62p in reaction to the lower annual earnings.

Occasional selling and lack of support made for dullness in the Engineering leaders. Tubes stood out with a loss of 10 at 362p, while falls of around 6 were recorded in GKN, 277p, Hawker, 204p, and John Brown, 316p. Secondary issues also gave ground in places, but losses were generally limited to a few pence. Among the more noteworthy movements, Whitehouse lost 5 to 93p in front of to-day's interim statement, while the slowdown in current trading continued to depress Weeks Associates, which reacted 3 further to 29p. Against the trend, Anglo Swiss found support at 40p, up 3, along with Tex Abrasives, a similar amount better at 66p. Among Shipbuilders, Vosper, a firm market of late, came back 6 to 156p.

The announcement of the proposed £36.1m. rights issue and accompanying dividend forecast prompted marked dullness in Rowntree Mackintosh which fell away steadily to 397p before settling at 400p for a loss of 18 on the day. Elsewhere in Foods, J. Bibby encountered selling at 223p, down 6, while Linfood reacted 4 to 134p. Hotels and Caterers had Trust Houses Forte reacting 4 to 207p and Grand Metropolitan 2½ to 111p. Against the trend, Wheeler's Restaurants rose 20 to 330p in an extremely thin market, while demand was seen for Epicure, which advanced 2½ to 15p.

Miscellaneous Industrial leaders repeated Monday's quietly dull trend but yesterday, closing falls were bigger. Beecham led the retreat with a loss of 13 to 647p and Unilever fell 8 to 510p, while Glaxo shed 7 to 555p and Turner and Newall 5 to 173p. The announcement that Lonrho has received just over 40 per cent. acceptances in respect of its offer for Scottish and Universal Investments which expires on Friday left "Suits" 4 off at 115p; uncertainty still prevails as to whether the Office of Fair Trading will recommend that the bid be referred to the Monopolies Commission.

With Lonrho closing unaltered at 70p, the share exchange offer is currently worth around 128p per share. House of Fraser declined 3 to 145p. Elsewhere, Mitchell Cotts Transport improved 5 to 73p, for a two-day advance of 13 since it was disclosed that the parent Mitchell Cotts Group intends to acquire the outstanding 23 per cent. of the company's equity it does not already own. Chubb hardened 2 to 137p in response to Press comment while Central and Sheerwood, 52p, and Barr and Wallace Arnold Trust "A", 84p, both hardened a penny in response to their respective trading statements. Lesney Products touched 67p on initial disappointment with the preliminary profits before rallying to finish unaltered at 69p. Hoover "A", however, lost 7 to 323p and BTR cheapened 6 to 275p. A dull market since last week's Monopolies Commission rejection of the Rockware and United Glass bids, Redfearn National Glass remained friendless at 268p, down 5. ICL at 276p, gave up 6 of the recent good rise which stemmed from favourable comment ahead of interim results.

Little of interest occurred in the Motor sections. Among the leaders, Dunlop gave up 4 to 76p, while Lucas eased to 296p before settling at 298p for a loss of 2 on balance.

Newspapers and kindred trades made a dull showing. Thomson, at 260p, lost all of the previous day's gain of 8, while More O'Ferrall declined 6 to 104p following profit-taking after the results. Recent speculative favourite Mills and Allen ended 7 down at 183p.

Initially easier on higher interest rate fears, leading Properties staged a modest rally to close virtually unchanged on overnight levels. Quiet trading conditions again prevailed with most of the business being transacted in early dealings. Great Portland Estates eased 4 to 276p but, in contrast, English Property found support and firmed 1½ to 32½p. Housebuilders encountered a little nervous selling on current talk of a probable increase in mortgage rate in the near future. Elsewhere, Haslemere, 225p, and Property and Reversionary A, 291p, lost 4 and 5 respectively while Peachey shed 2 to 77p.

Oils quieter

Oils passed a decidedly quieter session. After the previous day's rise of 26, British Petroleum eased 6 to 844p. Shell closed 8 lower at 574p. Lasmo, 166p, and the "Ops," 360p, both relinquished 4, and Ultramar, 266p, cheapened 6. Burmah, steady at 54p for the most of the session, improved in the late dealings to close 2 higher at 56p.

The absence of any takeover developments induced profit-taking in Furness Withy which touched 260p before closing 13 down on the day at 262p. Elsewhere in dull Shippings, Manchester Liners fell 8 to 212p and Common Bros. gave up 4 to 130p.

Textiles were inclined easier. Courtaulds drifted off to close 4 cheaper at 119p, while falls of 2 were marked against Nottingham Manufacturing, 124p, Lister 43p, and Tricoville, 67p; the interim results of the last-mentioned are due to-day. Among Tobaccos, Imps eased 1½ to 78p.

Among South African Industrials, dealings were resumed in Primrose at 84p compared with the suspension price of 102p. Still reflecting satisfaction with the annual results, O.K. Bazaars improved 20 more to 365p.

Golds quietly firm

Mining markets again passed a very quiet trading session. South African Gold shares ended the day a shade firmer on balance owing to a modest amount of U.S. interest in the late trade but business throughout the day was minimal.

The U.S. buying followed an upturn in the bullion price, which was finally 75 cents better at $173.125 per ounce. The Gold Mines index put on 1.0 to 144.1.

Gains in the heavyweights rarely exceeded ¼, with Randfontein that amount higher at £33 and rises of ⅛ were common to Hartebeest, £10¾, Vaal Reefs, £11½ and Free State Geduld, £15¼.

Medium-priced issues showed East Driefontein 13 firmer at 655p, reflecting the late American buying and Saint Helena a like amount better at 738p.

Marginals were generally in demand and East Rand Props. responded with an improvement of 13 at 312p, while Durban Deep closed 9 up at 235p. Against the overall trend, Kinross declined 7 to 324p.

A lone feature in otherwise subdued Financials was persistent American buying of De Beers which lifted the shares 8 to 347p. "Amcoal" attracted Cape interest and closed another 10 higher at a 1978 high of 525p. Heavyweight Financials showed GFSA ⅛ up at £12 and "Johnnies" a similar amount better at £11¾. Anglo American Investment Trust put on a half-point to £35¾ reflecting its holding in De Beers.

London-domiciled Financials were hardly changed throughout. Among Coppers, interest waned in ZCI and the shares eased a penny to 14p, while Messina shaded 2 to 85p.

The more speculative of the Australian issues moved ahead in line with overnight Sydney and Melbourne markets. Tasminex advanced 5 to 85p for a two-day increase of 15, while Mid-East Minerals jumped 7 to 32p; the latter holds a number of shares in Pancontinental, a firm market of late.

FINANCIAL TIMES STOCK INDICES

—	May 9	May 8	May 5	May 4	May 3	May 2	A year ago
Government Secs.	71.12	71.43	71.73	71.40	71.42	71.27	69.68
Fixed Interest	72.30	72.65	72.34	73.95	73.96	73.81	68.63
Industrial Ordinary	471.1	480.1	481.5	474.6	471.9	469.6	465.6
Gold Mines	144.1	143.1	141.9	145.9	142.2	144.4	116.9
Ord. Div. Yield	5.66	5.58	5.56	5.66	5.69	5.72	4.98
Earnings Y'ld%(full)(*)	17.23	16.94	16.93	17.05	17.15	17.23	15.29
P/E Ratio (net)(*†)	7.77	7.90	7.90	7.84	7.80	7.76	9.82
Dealings marked	6,010	5,412	5,741	5,160	5,520	5,060	8,343
Equity turnover £m.	—	74.12	98.60	94.20	100.17	65.36	136.04
Equity bargains total	—	17,461	17,444	17,080	17,938	14,490	25,216

10 a.m. 474.2. 11 a.m. 475.2. Noon 473.2. 1 p.m. 472.5. 2 p.m. 472.6. 3 p.m. 471.3.
Latest Index 01-246 8026.
* Based on 52 per cent. corporation tax. † Nil=7.63.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	71.12 (9/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	72.30 (9/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (7/3)	130.3 (6/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	May 9	May 8
—Daily		
Gilt-Edged	163.9	145.8
Industries	219.4	201.1
Speculative	39.7	40.3
Totals	136.8	123.2
5-day Av'rage		
Gilt-Edged	153.5	162.6
Industrials	204.5	196.5
Speculative	32.9	34.0
Totals	125.9	121.6

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (60)

FOREIGN BONDS (1)
Antofagasta Riv. 5pc Prf.
AMERICANS (4)
Baker Intl. Manf. Hanover
Citicorp Tesoro Petroleum
CANADIANS (1)
Hudson's Bay
BANKS (2)
ANZ Allied Irish
BEERS (1)
Greene King
BUILDINGS (5)
Costain (R.) Nottingham Brick
Fairclough Const. Wilson (Connolly)
Jennings
CHEMICALS (2)
Brent Chems. Wolstenholme Bronze
DRAPERY & STORES (3)
Vernon Fashion Wilkinson Warburton
Waring & Gillow
ELECTRICALS (3)
Allied Insulators Unitech
Newman Inds.
ENGINEERING (9)
Anderson Strathclyde Haden Carrier
Anglo-Swiss Mole (M.)
Ash & Lacy Ransomes Sims
Banro Cons. Williams & James
Castings
HOTELS (2)
Epicure Wheeler's Rstrnts.
INDUSTRIALS (10)
Alpine Hldgs. Fogarty (E.)
Barr & Wallace Arnold A Mettoy
Booker McConnell Morrell (Abel)
Chubb Williams (J.)
Copydex Wood (A.)
PAPER (2)
IPG Ogilvy & Mather
PROPERTY (1)
Lend Lease
SOUTH AFRICANS (3)
Edworks S.A. Breweries
OK Bazaars
TEXTILES (1)
Torav
TRUSTS (8)
Argo Inv. Family Inv.
Can. & Foreign Gen. Stockholders
Chnl. Islands Cap. Witan Inv. B
Electrical & General Maledie Invs.
RUBBERS (2)
Muar River Sungei Krian

NEW LOWS (32)

BRITISH FUNDS (15)
Treas. 10½pc '79 Treas. 8¼pc '82
Treas. 11½pc '81 Exch. 9¼pc '82
Treas. 9¾pc '81 Exch. 8¾pc '83
Exch. 9¾pc '81 Treas. 12pc '83
Exch. 3pc '81 Funding 5¼pc '87-91
Exch. 12¼pc '81 Exch. 12pc '98
Treas. 8¼pc '80-82 War Loan 3½pc
Treas. 14pc '82
INTERNATIONAL BANK (1)
5pc Stock '77-82
CORPORATION LOANS (2)
Glasgow 9¼pc '80-82 LCC 5½pc '77-81
COMMONWEALTH & AFRICAN
Southern Rhodesia 2½pc '65-70
ELECTRICALS (2)
Audio Fidelity EMI 8½pc Conv. '81
ENGINEERING (3)
Jones Grp. Wolf Elect. Tools
Sykes (H.)
INDUSTRIALS (1)
Whiteley (B. S. & W.)
MOTORS (2)
Dunlop Zenith A
PAPER (1)
Collett Dickenson
SHIPPING (2)
Manchester Liners Reardon Smith
OILS (1)
CCP Nth. Sea
OVERSEAS TRADERS (1)
Sena Sugar

RISES AND FALLS

	Up	Down	Same
British Funds	3	67	5
Corpns. Dom. and Foreign Bonds	2	29	34
Industrials	161	586	802
Financial and Prop.	41	225	254
Oils	1	21	12
Plantation	3	10	29
Mines	49	21	52
Recent Issues	—	10	12
Totals	260	969	1,191

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Shell Transport	25p	14	574	−8	586	484
BP	£1	13	844	−6	884	720
BATs Defd.	25p	11	287	—	287	227
Beecham	25p	10	647	−13	678	583
ICI	£1	10	345	−9	365	328
Barclays Bank	£1	9	343	−12	358	296
GKN	£1	8	277	−7	286	255
Lucas Inds.	£1	8	298	−2	302	240
Marks & Spencer	25p	8	142	−3	160	136
NatWest	£1	8	283	−12	298	254
Rank Org.	25p	8	248	−4	265	226
Scot. & Univ. Invs.	25p	8	115	−4	123	85
GEC	25p	7	249	−1	278	233
Imperial Group	25p	7	78	−2	81	71½
Midland Bank	£1	7	368	−12	390	330

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 25	May 9	July 20	Aug. 1
May 10	May 22	Aug. 3	Aug. 17
May 23	Jun. 6	Aug. 17	Aug. 31

For rate indications see end of Share Information Service

Stocks to attract money for the call included NatWest Warrants, Queens Moat Houses, Ault and Wiborg, John Brown, P & O Deferred, Reo Stakis, Carding Group, British Dredging, Mettoy and Racal Electronics. Puts were arranged in Reed International, NatWest Warrants and Beechams, while double options were transacted in Reed International, Ladbroke Warrants, Beechams, Mettoy, Talbex and Peko-Wallsend.

LONDON TRADED OPTIONS

Option	Exercise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	112	3	126	—	142	—	847p
BP	800	72	1	89	1	111	—	—
BP	850	38	3	59	1	80	1	—
Com. Union	140	19	2	23½	5	25½	1	152p
Com. Union	160	7½	4	12	—	15½	1	—
Cons. Gold	160	17	6	25	—	29	—	169p
Cons. Gold	180	8	1	15	—	18½	—	—
Courtaulds	100	21½	—	22½	—	25½	20	119p
Courtaulds	110	13	5	15½	—	19½	31	—
Courtaulds	120	6½	22	10½	—	13	44	—
Courtaulds	130	4	17	6½	—	8½	48	—
GEC	220	35½	—	41	4	48	—	247p
GEC	240	21	—	28½	—	35½	—	—
GEC	260	11	18	18½	—	26	—	—
Grand Met.	100	16	10	22	—	25½	—	114p
Grand Met.	110	9¼	2	15½	—	18½	5	—
Grand Met.	120	5	—	10	—	13½	—	—
ICI	330	26	5	41	12	47	—	345p
ICI	360	14	25	26	17	31½	—	—
Land Secs.	180	27½	—	30½	—	33½	—	202p
Land Secs.	200	12	6	17½	—	20	—	—
Land Secs.	220	5	6	9½	9	13½	—	—
Marks & Sp.	120	24	20	26	—	29	—	142p
Marks & Sp.	140	10	16	14	6	18	—	—
Marks & Sp.	160	4	58	6	13	9	—	—
Shell	500	90	—	100	—	106	—	575p
Shell	550	50	—	65	6	75	—	—
Shell	600	25	—	35	—	45	—	—
Totals			207		83		203	

RECENT ISSUES

EQUITIES

Issue Price p.	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p.	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
105	F.P.	26/4	145	118	Saga Holidays	139	−4	6.75	2.2	7.4	9.4

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p.	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p.	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., May 9, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 34%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Mon. May 8 Index No.	Fri. May 5 Index No.	Thurs. May 4 Index No.	Wed. May 3 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	210.23	−1.0	17.68	5.66	7.86	212.35	212.27	209.43	208.56	183.11
2	Building Materials (27)	190.39	−0.8	17.93	5.70	7.99	191.91	190.46	187.55	186.41	153.18
3	Contracting, Construction (26)	345.47	−0.3	18.48	3.90	7.87	346.45	341.64	336.07	335.13	257.64
4	Electricals (15)	437.02	−2.7	15.65	4.06	9.06	449.11	444.06	437.56	432.48	256.23
5	Engineering Contractors (14)	308.17	−0.9	18.59	6.60	7.01	310.95	310.37	305.93	303.24	264.30
6	Mechanical Engineering (71)	166.90	−1.4	19.33	6.26	7.05	169.33	169.86	168.11	166.13	166.54
8	Metals and Metal Forming (17)	168.35	−1.5	16.74	8.33	8.03	170.90	170.17	168.23	168.42	155.93
	CONSUMER GOODS										
11	(DURABLE) (52)	195.44	−1.2	17.29	4.86	8.28	197.83	197.11	195.83	194.76	165.18
12	Lt. Electronics, Radio TV (15)	232.18	−1.2	15.11	3.70	9.51	234.99	235.51	232.60	231.31	187.69
13	Household Goods (12)	171.48	−1.1	16.78	6.57	8.19	173.38	173.45	172.26	171.59	163.13
14	Motors and Distributors (25)	122.65	−1.2	20.72	6.24	6.93	124.19	124.12	122.85	122.14	107.50
	CONSUMER GOODS										
21	(NON-DURABLE) (176)	203.04	−1.7	15.90	5.73	8.55	206.57	206.79	203.59	201.78	174.44
22	Breweries (14)	237.89	−1.3	13.73	5.59	11.04	241.57	240.23	233.65	230.24	183.17
23	Wines and Spirits (6)	256.26	−2.9	13.78	5.62	9.61	264.00	260.10	253.37	243.37	203.84
24	Entertainment, Catering (17)	257.74	−1.4	13.68	6.62	10.57	261.39	260.55	257.01	254.17	229.50
25	Food Manufacturing (22)	192.20	−2.0	20.56	5.61	6.43	196.08	195.99	193.19	192.30	179.27
26	Food Retailing (16)	189.39	−1.7	14.48	4.78	9.52	192.74	190.97	187.67	186.23	183.19
32	Newspapers, Publishing (13)	376.70	−2.2	20.74	3.29	13.45	385.06	377.55	370.95	378.46	299.65
33	Packaging and Paper (15)	132.28	−0.5	19.73	8.97	7.18	133.01	134.31	133.20	133.46	118.05
34	Stores (38)	183.89	−2.0	11.25	4.39	13.05	187.69	188.86	186.42	185.24	170.75
35	Textiles (25)	182.21	−1.0	20.67	7.29	5.90	184.07	184.34	184.02	183.22	151.51
36	Tobaccos (3)	254.26	−0.8	21.74	7.36	5.47	256.30	254.91	249.77	243.73	227.01
37	Toys and Games (6)	101.77	+0.7	20.79	5.91	6.29	101.07	102.15	101.45	97.60	98.13
41	OTHER GROUPS (97)	190.05	−1.2	16.78	5.96	7.86	192.27	193.73	191.26	189.27	181.77
42	Chemicals (19)	256.28	−1.2	15.79	5.66	8.04	259.35	262.40	256.60	253.56	238.84
44	Pharmaceutical Products (7)	253.95	−1.5	10.98	4.02	10.98	257.84	259.58	255.70	254.69	248.93
45	Office Equipment (6)	131.31	−1.6	18.58	4.92	6.37	133.38	131.81	129.58	130.27	101.90
46	Shipping (10)	434.21	−1.2	18.28	7.79	6.73	439.58	438.12	435.36	436.49	453.89
49	Miscellaneous (55)	202.03	−1.3	16.64	6.37	8.15	204.75	204.23	200.87	199.56	193.77
49	INDUSTRIAL GROUP (495)	207.83	−1.5	16.64	5.71	8.18	210.99	211.13	209.25	206.61	184.10
51	Oils (5)	492.62	−1.0	14.67	4.02	7.24	497.83	494.47	478.41	475.41	506.80
59	500 SHARE INDEX	231.37	−1.4	16.39	5.45	8.02	234.71	234.05	230.47	228.96	210.06
61	FINANCIAL GROUP (100)	165.85	−1.7	—	5.57	—	168.70	168.81	166.56	165.93	145.52
62	Banks (6)	194.61	−3.5	24.49	5.54	6.18	201.50	200.34	197.45	195.91	156.43
63	Discount Houses (10)	202.21	−0.1	—	8.30	—	202.36	198.97	194.11	193.64	169.22
64	Hire Purchase (5)	141.25	−2.6	13.85	5.67	10.69	145.07	145.14	145.21	144.36	144.11
65	Insurance (Life) (10)	138.69	−2.9	—	6.56	—	142.88	143.91	137.81	135.01	111.86
66	Insurance (Composite) (7)	130.55	−2.0	—	6.53	—	133.25	132.67	126.50	126.53	115.65
67	Insurance Brokers (10)	339.95	−3.1	14.28	4.31	10.04	350.86	350.35	345.60	340.05	288.25
68	Merchant Banks (14)	74.74	−1.8	—	7.66	—	76.14	76.86	75.30	74.22	67.10
69	Property (31)	221.77	−0.6	3.04	3.15	63.59	223.11	223.83	220.39	215.12	200.03
70	Miscellaneous (7)	107.15	−0.7	24.38	7.41	5.68	107.90	107.64	106.91	107.55	93.57
71	Investment Trusts (50)	204.81	−0.8	3.22	4.70	31.03	206.57	205.23	204.88	203.91	182.52
81	Mining Finance (4)	92.97	−0.1	17.78	7.41	6.89	93.07	93.57	92.95	90.73	103.56
91	Overseas Traders (19)	311.41	−0.9	15.51	6.32	8.05	314.17	319.01	315.40	313.65	289.48
99	ALL-SHARE INDEX (673)	213.75	−1.5	—	5.49	—	217.03	216.28	213.00	211.46	192.80

FIXED INTEREST PRICE INDICES

	British Government	Tues. May 9	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	105.80	−0.16	0.09	3.63
2	5-15 years	116.19	−0.36	0.37	2.44
3	Over 15 years	120.13	−0.60	—	4.77
4	Irredeemables	130.39	−0.73	—	6.08
5	All stocks	113.36	−0.30	0.10	3.97

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Tues. May 9	Mon. May 8	Year ago (approx.)
1	Low Coupons	5 years	8.88	8.45	7.29
2		15 years	10.89	10.80	10.81
3		25 years	11.41	11.33	11.92
4	Medium Coupons	5 years	10.77	10.70	9.59
5		15 years	12.11	12.05	11.68
6		25 years	12.21	12.13	12.05
7	High Coupons	5 years	11.15	11.05	10.45
8		15 years	12.67	12.61	12.76
9		25 years	13.01	12.96	12.85
10	Irredeemables		11.16	11.07	12.03

		Tuesday, May 9 Index No.	Yield %	Monday May 8	Friday May 5	Thurs. May 4	Wed. May 3	Tuesday May 2	Friday Apr. 28	Thurs. Apr. 27	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.77	12.85	57.87	58.43	58.45	58.45	58.52	58.62	58.52	54.91
16	Investment Trust Prefs. (15)	53.46	13.53	53.27	54.23	54.29	54.89	54.84	54.84	54.84	50.63
17	Coml. and Indl. Prefs. (20)	70.59	12.94	71.25	71.05	71.23	71.17	70.81	71.01	71.01	71.34

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Inv. Tst. Fd. Incm.	95.0	100.0	.....	—
Inv. Tst. Fd. Init.	95.0	100.0	.....	—
Fixed Int. Fd. Acc.	94.3	99.2	−0.8	—
Fxd. Int. Fd. Incm.	94.3	99.2	−0.8	—
Inter'l. Fd. Acc.	95.0	100.0	.....	—
Inter'l. Fd. Incm.	95.0	100.0	.....	—
Money Fd. Acc.	95.2	100.2	.....	—
Money Fd. Incm.	95.2	100.2	.....	—
Dist. Fd. Incm.	98.0	103.1	−0.8	8.40
Crown Brt. Inv.'A'	150.3	—	.....	—

Crusader Insurance Co. Ltd.
Vincula House, Tower Pl., EC3. 01-626 8031

Gth. Prop. May 2	69.4	76.3	.....	—

Eagle Star Insur/Midland Ass.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	50.9	52.8	−0.9	5%

Equity & Law Life Ass. Soc. Ltd.♥
Amersham Road, High Wycombe 0494 33377

Equity Fd.	112.1	118.0	−1.3	—
Property Fd.	105.0	110.5	.....	—
Fixed Interest F.	105.7	111.2	−0.8	—
Gtd. Deposit Fd.	98.5	103.6	+0.1	—
Mixed Fd.	108.6	114.3	−0.8	—

Property	151.3	.....	—
Property Pens.	157.5	.....	—
Equity	57.8	.....	—
Equity Pens.	164.5	.....	—
Money Market	140.8	.....	—
Money Mkt. Pens.	181.3	.....	—
Deposit	127.8	.....	—
Deposit Pens.	138.9	.....	—
Managed	104.0	.....	—
Managed Pens.	135.1	.....	—
Intl. Equity	100.6	.....	—
Intl. Managed	101.1	.....	—

NEL Pensions Ltd.
Milton Court, Dorking, Surrey. 5911

Nelex Eq. Cap.	77.4	81.4	.....	—
Nelex Eq. Accum.	114.3	120.3	+0.4	—
Nelex Money Cap.	60.8	64.0	.....	—
Nelex Mon. Acc.	64.1	67.4	.....	—
Nelex Gth Inc Acc.	47.4	49.8	.....	—
Nelex Gth Inc Cap.	47.9	50.4	.....	—
Nel Mxd. Fd. Cap.	47.7	50.2	.....	—
Nel Mxd. Fd. Acc.	47.9	50.4	.....	—

Next Sub. Day May 25

For New Court Property see under Rothschild Asset Management

BASE LENDING RATES

A.B.N. Bank	7½%	■ Hambros Bank	9 %
Allied Irish Banks Ltd.	7½%	■ Hill Samuel §	9 %
American Express Bk.	7½%	C. Hoare & Co. †	7½%
Amro Bank	9 %	Julian S. Hodge	10 %
A P Bank Ltd.	9 %	Hongkong & Shanghai	9 %
Henry Ansbacher	9 %	Industrial Bk. of Scot.	7½%
Banco de Bilbao	7½%	Keyser Ullmann	9 %
Bank of Credit & Cmce.	9 %	Knowsley & Co. Ltd.	9 %
Bank of Cyprus	7½%	Lloyds Bank	9 %
Bank of N.S.W.	7½%	London Mercantile	7½%
Banque Belge Ltd.	7½%	Edward Manson & Co.	10½%
Banque du Rhone	8 %	Midland Bank	9 %
Barclays Bank	9 %	■ Samuel Montagu	7½%
Barnett Christie Ltd.	8½%	■ Morgan Grenfell	9 %
Bremar Holdings Ltd.	8½%	National Westminster	9 %
Brit. Bank of Mid. East	7½%	Norwich General Trust	7½%
■ Brown Shipley	9 %	P. S. Refson & Co.	7½%
Canada Perm'nt Trust	7½%	Rossminster Accept'cs	7½%
Capitol C & C Fin. Ltd.	8½%	Royal Bk. Canada Trust	7½%
Cayzer Ltd.	9 %	Schlesinger Limited	9 %
Cedar Holdings	8 %	E. S. Schwab	9½%
■ Charterhouse Japhet	9 %	Security Trust Co. Ltd.	8½%
Choulartons	7½%	Shenley Trust	9½%
C. E. Coates	10 %	Standard Chartered	9 %
Consolidated Credits	7½%	Trade Dev. Bank	7½%
Co-operative Bank *	9 %	Trustee Savings Bank	9 %
Corinthian Securities	9 %	Twentieth Century Bk.	8½%
Credit Lyonnais	7½%	United Bank of Kuwait	7½%
The Cyprus Popular Bk.	7½%	Whiteway Laidlaw	8 %
Duncan Lawrie ¶	7½%	Williams & Glyn's	9 %
Eagil Trust	9 %	Yorkshire Bank	9 %
English Transcont.	9 %		
First London Secs.	7½%		
First Nat. Fin. Corpn.	10%		
First Nat. Secs. Ltd.	9½%		
■ Antony Gibbs	7½%		
Greyhound Guaranty	7½%		
Grindlays Bank ‡	7½%		
■ Guinness Mahon	7½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%, 1-month deposits 6½%.
† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 4½% and over £25,000 5%.
‡ Call deposits over £1,000 4%.
§ Demand deposits 6½%.
¶ Rate also applies to Sterling Ind. Secs.

Keyselex Mngt., Jersey Ltd.
PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

Fonselex	Fr.1,469	1,544	.....	2.90
Bondselex	Fr.121.00	127.75	+0.75	—
Keyselex Int'l.	£6.35	7.19	.....	4.17
Keyselex Europe	£3.80	4.27	.....	3.86
Japan Gth. Fund	$US23.09	$US25.49	.....	—
Keyselex Japan	£11.46	12.51	.....	—
Cent. Assets Cap.		£132.52	.....	—

CMF Ltd. April 27	$US12.28	12.57	.....	—
CMI Ltd. April 27	£12.35	12.66	.....	—
MetalsTst. Mar. 20	£11.44	11.72	.....	—
TMT April 13	$US9.55	9.80	.....	—
TMT Ltd. April 13	£9.74	9.99	.....	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$US15.90	−0.04	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. φ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

BUILDING SOCIETY INTEREST RATES

GREENWICH
(01-858 8212)
281, Greenwich High Road,
Greenwich SE10 8NL.

*Deposit Rate 5.25. Share Accounts 5.60. Sub'pn. Shares 6.75. Term Shares 2 yrs. 2% above share rate, 3yrs. 1% above share rate.

LONDON GOLDHAWK
(01-995 8321)
15/17, Chiswick High Road,
London W4 2NG.

Deposit Rate 5.75. Share Accounts 6.25. Sub'pn. Shares 7.30.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
102⅜	100⅛	Treasury 10½pc '78‡‡	100⅛	..	10.46	8.37
99⅝	98¼	Exch. 5pc '76-78‡‡	98¾	..	5.06	8.29
105⅜	102⅛	Treasury 11½pc '79‡‡	102⅛	−⅛	11.26	8.73
97	94¾	Treasury 3pc '79‡‡	95¼	−⅛	3.15	6.70
97⅞	95⅛	Electric 4¼pc '74-79	96	−⅛	4.43	7.32
104⅞	101⅛	Treasury 10½pc '79‡‡	101⅛	−⅛	10.36	9.49
96⅛	94¼	Electric 3½pc '76-79	95⅛xd	−⅛	3.66	6.66
103⅛	98⅛	Treasury 9pc 1980‡‡	99⅛	−¼	9.09	9.54
102⅜	99⅛	Treasury 9½pc '80‡‡	99⅜xd	−¼	9.51	9.53
95⅛	92⅛	Treasury 3½pc '77-80	93⅜xd	+⅛	3.74	6.82
96⅛	94	Funding 5¼pc '78-80‡‡	95¼xd	+⅛	5.51	7.76
110¼	105⅛	Exchequer 13pc 1980‡‡	105⅞xd	−⅛	12.30	10.39
106¼	102⅜	Treasury 11½pc 1981‡‡	102⅜	−⅛	11.25	10.51
91⅝	88⅛	Treasury 3¼pc 1979-81	89½	......	3.92	7.78
101¼	98⅛	Treasury 9¾pc 1981‡‡	98½	−¼	9.90	10.35
97⅜	94¼	Exch. 8¼pc 1981	94⅜xd	−¼	8.70	10.27
100¼	97	Exch. 9½pc 1981	97	−¼	9.79	10.61
87⅜	86⅛	Exch. 3pc 1981	86½	−¼	3.47	7.73
96⅜	96⅛	Treas. Variable '81‡‡	96⅛xd	..	6.37	10.13
111	105⅝	Exch. 12¾pc 1981‡‡	105⅝xd	−⅛	12.07	10.79
99⅛	94¼	Treas. 8½pc '80-82‡‡	94¼	−¼	9.02	10.40
86⅝	83¼	Treasury 3pc '82‡‡	84⅛	...	3.56	7.86
115⅞	109½	Treasury 14pc '82‡‡	109½	−⅛	12.79	10.89
96	95⅛	Treas. Variable '82‡‡	95⅛xd	+⅛	6.79	8.89
96⅛	91⅜	Treasury 8¼pc '82	91⅜	−⅛	8.99	10.74
100¼	94⅝	Exch. 9¼pc 1982	94⅝	−¼	9.78	10.80
96⅜	92⅜	Exch. 8¾pc 1983	92⅜	−⅛	9.44	10.77
85¼	80¼	Exch. 3pc '83	80⅞	−⅛	3.71	7.87
114¼	104	Treasury 12pc 1983‡‡	104	−⅛	11.54	10.90

Five to Fifteen Years

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
100⅛	95¼	Treasury 9½pc '83	96½	−¼	9.88	10.87
89⅝	84¼	Funding 5½pc '82-84‡‡	84½	−¼	6.65	9.48
96⅞	91⅞	Treasury 8½pc '84-86‡‡	92	−¼	9.53	10.50
87⅛	79	Funding 6½pc '85-87‡‡	79¼	−¼	8.22	10.10
89⅝	82¼	Treasury 7¾pc '85-88‡‡	83⅛	−¼	9.50	10.86
68⅝	61⅛	Transport 3pc '78-88	62⅛	−⅛	4.89	8.86
75⅝	65⅝	Treasury 5pc '86-89	65¼	−⅛	7.64	10.19
115¼	107⅛	Treasury 13pc 1990‡‡	108¼	−⅛	12.43	12.31
89⅛	78⅞	Treasury 8¼pc '87-90‡‡	78⅞xd	−⅛	10.35	11.39
106½	98½	Treasury 11¾pc 1991	99⅛	−⅛	12.30	12.45
75⅛	64⅞	Funding 5¾pc '87-91‡‡	64⅞	−⅛	8.94	10.98
112⅛	103¼	Treasury 12¾pc '92‡‡	104¼	−⅛	12.63	12.58
96⅛	85½	Treasury 10pc 1992	87¼	−⅛	11.75	12.25
113	99	Exch. 12¼pc '92	100⅛	−⅛	12.55	12.60

Over Fifteen Years

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
110⅝	101	Treasury 12½pc '93‡‡	103	−⅛	12.62	12.64
72⅛	62¼	Funding 6pc 1993‡‡	62⅜	−⅛	9.76	11.35
120⅛	105⅛	Treasury 13¾pc 1993‡‡	105¾xd	−⅛	12.94	12.81
128⅞	113⅛	Treasury 14½pc '94‡‡	113¼	−⅛	13.07	12.85
114⅛	100¼	Exch. 12½pc 1994	101	−⅛	12.71	12.73
99⅞	78	Treasury 9pc '94‡‡	78¼xd	−⅛	11.48	12.03
106¼	98¼	Treasury 12pc '95	98⅞	−⅛	12.58	12.65
51⅞	44⅛	Gas 3pc '90-95	44⅝	−¼	6.72	9.72
95	85¼	Exch. 10¼pc 1995	85⅞	−⅛	12.14	12.46
114½	99½	Treasury 12¾pc '95‡‡	100xd	−⅛	12.73	12.72
90½	78⅛	Treasury 9pc '92-96‡‡	78⅛	−⅛	11.69	12.18
131⅛	115⅛	Treasury 15¼pc '96‡‡	116	−⅛	13.18	12.97
117⅝	102⅝	Exchequer 13¼pc '96‡‡	103	−⅛	12.84	12.79
50	43⅞	Redemption 3pc 1986-96	43⅞	−¼	6.89	9.59
115¼	106½	Treasury 13¾pc '97‡‡	107	−¼	12.85	12.80
98⅛	86½	Exchequer 10½pc 1997	87⅝	−⅛	12.30	12.53
88¼	76⅛	Treasury 8¾pc 1997‡‡	76⅛	−⅛	11.71	12.17
72¼	61⅛	Treasury 6¾pc '95-98‡‡	61⅛	−⅛	11.05	11.86
135⅛	119¼	Treas. 15½pc '98‡‡	119¾	−⅛	13.13	12.95
30	29	Exch. 12pc '98 (£30pd)	29	−½	12.65	12.71
90½	82⅛	Treasury 9½pc 1999‡‡	82⅝	−⅛	11.93	12.21
96¼	84	Treasury 10½pc 1999	84¼xd	−⅛	12.35	12.54
42½	37½	Funding 3½pc '99-04	37½	−¼	9.62	10.88
80⅞	68⅞	Treasury 8pc '02-06‡‡	69⅛	−⅛	11.70	11.91
58⅛	48¼	Treasury 5½pc '08-12‡‡	49⅛	−¼	11.41	11.66
76⅛	67⅞	Treasury 7¾pc '12-15‡‡	68⅛	−⅛	11.76	11.84

Undated

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
37⅛	33¼	Consols 4pc	33¼	−¼	12.43	—
37⅛	32⅛	War Loan 3½pc‡‡	32⅛xd	−¼	10.74	—
39¼	35	Conv. 3½pc '61 Aft.	35	−¼	10.11	—
28⅝	24⅛	Treasury 3pc '66 Aft.	24⅛	−⅛	12.46	—
24⅛	21	Consols 2½pc	21	−⅛	12.04	—
24	20¼	Treasury 2½pc	20¼	−⅛	12.51	—

**INTERNATIONAL BANK

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
88	82¾	5pc Stock '77-82	82¾	−¼	6.04	10.06

**CORPORATION LOANS

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
98¼	95	Birm'ham 9¾pc '79-81	96	−¼	9.62	10.70
94¼	90¼	Bristol 7¾pc '79-81	90¾xd	−¼	8.54	10.98
107	102¼	G.L.C. 12½pc '82	102¼xd	...	12.22	11.78
112	105¼	Do. 12½pc 1983	105	−¼	12.26	11.97
97¼	93½	Glasgow 9¼ '80-82	93½xd	−¼	9.88	11.13
93	90¼	Herts. 5½pc '78-80	91xd	−¼	5.77	10.25
99⅛	97⅛	Liverpool 5¾pc '76-78	98⅛	−⅛	5.82	8.63
102½	90½	Do. 9¾pc '80-84	91½xd	...	10.64	11.71
29¾	27	Do. 3½pc Irred.	27¾	....	12.98	—
100⅛	99	Lon. Corp. 6½pc '75-78	99⅛	−⅛	6.54	8.97
99¼	91	Do. 9½pc '84-85	92½	..	10.10	10.93
97¼	95	L.C.C. 6pc '76-79	95¼	−¼	6.30	9.98
92½	86¼	Do. 5½pc '77-81	86¼	−¼	6.34	10.25
87½	76½	Do. 5½pc '82-84	78	...	7.21	10.86
75½	69	Do. 5½pc '85-87	69½	−½	8.18	11.36
78	69½	Do. 6¾pc '88-90	70	−½	9.96	11.79
26½	22⅛	Do. 3pc '20 Aft.	23¼xd	..	13.00	—
95¼	91½	Middx. 5¾pc 1980	91½	−¼	5.74	10.37
99½	96	Newcastle 9¾pc '78-80	96¼	−¼	9.61	11.07
106¼	102½	Warwick 12½% 1980	102¾xd	−¼	12.16	11.16

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

US $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

[illegible]

S.E. List Premium 46¾% (based on $US1.8125 per £)

Conversion factor 0.6824 (0.6805)

CANADIANS

[illegible]

S.E. List Premium 46¾% (based on $2.0360 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

16	9	Burma Mines 17½p	15	...	—	—	—
300	220	Cons. Murch. 10c	245	...	Q30c	2.6	7.3
385	245	Northgate C$1	355	+10	—	—	—
210	164	R.T.Z.	204xd	...	9.5	2.8	7.1
46½	30	Sabina Inds. C$1	34	...	—	—	—
£11	750	Tara Expln. $1	£10	...	—	—	—
45	43	Tehidy Minerals 10p	43xd	...	1.33	ϕ	4.7
162	120	Yukon Cons. C$1	155	+1	Q7c	ϕ	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: *cover relates to previous dividend or forecast.*
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § *Forecast dividend; cover on earnings updated by latest* interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ⚘ Regional price.
- II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part *of capital, cover based on dividend on full capital.* e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus *or other official estimates for 1979.* P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, *are as quoted* on the Irish exchange.

Albany Inv. 20p	23		Sheff. Refrshmt.	52	...
Ash Spinning	45	-1	Sindall (Wm.)	85	...
Bertam	22	...			
Bdg'wtr. Est. 50p	272	...			
Clover Croft	22	...			
Craig & Rose £1	420	...			

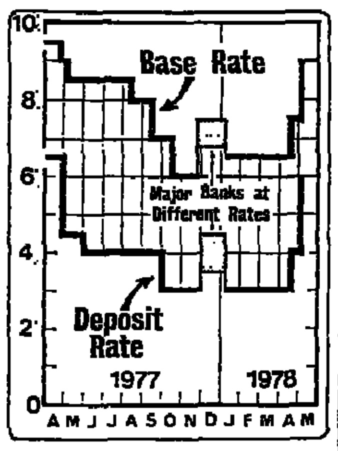
IRISH

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday May 10 1978



Banks put base rates up to 9%

By Michael Blanden and Michael Cassell

THE COST of overdrafts was raised yesterday as the big banks announced an increase in base rates from 7½ per cent. to 9 per cent.

At the same time, the banks took a cut in margins to increase the rate offered on seven-day deposits by 2 per cent. to 6 per cent. The increases will raise pressure on building societies to lift their rates.

A decision will not be taken by the societies until June at the earliest. But they are expecting a sharp drop in inflow of funds and any further increases in interest rates generally could bring a move towards more expensive mortgages.

The increase in the bank loan rates will put the cost of overdrafts up to between 10 and 14 per cent. It had been generally expected after last week's jump in the Bank of England's minimum lending rate from 7½ per cent. to 8¾ per cent.

The decision by the banks, led by Barclays, to move up to 9 per cent. helped to confirm expectations in the money markets that MLR could rise again. Rates on Treasury bills yesterday were pointing to an MLR of 9 per cent., and early in the day some market men were suggesting even higher rates.

The building societies offer 5¼ per cent. net on deposit accounts at the moment and, although this remains very competitive with the banks' new 6 per cent. gross, the movement feels that its rates are slightly out of line with the market. The banks, they point out, will now be competitive on large sums.

This in itself would not be likely to precipitate interest rate adjustments from the societies, but they face sharply falling receipts because of competition from National Savings and because of a seasonal reduction in the inflow of funds.

In April, net receipts for the movement reached about £350m. but these are expected to fall to less than £200m. by June, so that societies will be dipping quite heavily into liquid funds to finance the high lending programme to which they are committed.

When the societies meet in June there could be a move to raise the investors' rate slightly, while leaving the 8¼ per cent. mortgage rate alone. But some societies may call for a more substantial increase in investors' rates, with a mortgage rate increase of anything up to 1 per cent.

Whether the Government would allow more expensive mortgages at such a politically sensitive time remains to be seen.

Civil Service unions offered closed shop

BY PHILIP BASSETT, LABOUR STAFF, IN BRIGHTON

THE GOVERNMENT has offered Civil Service unions a closed shop with wide exemption provisions. The terms of the offer have been shown to Conservative leaders, but it was not immediately clear last night whether the Opposition has agreed to them.

Details of the offer, revealed yesterday, go a long way towards meeting Conservative objections to the closed shop. Existing non-union members would not be required to join. Future entrants into the service—the offer does not apply to the higher management grades—could refuse to join a union and pay the equivalent of union dues into a charity.

Existing union members in the service could drop out, and pay money to charity instead, while civil servants with religious objections to union membership would be free of any financial penalty.

Given the wide exemptions, which resemble the Conservatives' agency shop proposals of the 1971 Industrial Relations Act where the charity option was included, the unions concerned are expected to protest strongly.

The feeling yesterday was that the offer could do more harm than good to relations with the unions, which are already angry with the Government over pay and preparing for a pay battle in the next wage round.

Leaders of the unions involved believe that the conditions, made after 12 months of talks, have widespread implications for trade union membership agreements in the whole of the public sector.

The offer calls for a ballot of all 400,000 basic grade civil servants including 50,000 non-unionised staff, though no guarantee is given of an agreement being implemented even if any vote taken was in favour. A ballot including non-union members would probably be rejected outright by all three unions.

Mr. Ken Thomas, general secretary of the Civil and Public Services Association, who is expected to make a tough attack on the proposals at the union's conference in Brighton to-day said that he was "appalled" at the offer. He said it was worse than would have come from a Conservative Government.

The association has 180,000 Civil Service members out of a potential 200,000. The union's executive will face a censure motion to-day on its lack of action in gaining a closed shop. Another motion calls for the executive to organise industrial action to secure one.

The unions covering the higher grades of civil servants, the Society of Civil and Public Servants, the Institution of Professional Civil Servants, and the Association of first Division Civil Servants, representing together 218,000 staff have all made it clear that they are not interested in the introduction of any form of closed shop.

The Institution of Professional Civil Servants which holds its conference next week, will consider an executive motion opposing any wage restraint policy which does not apply equally and effectively, to all sections of the Community.

Meanwhile 1,300 Government scientists in the union plan a half day protest strike to-day over manpower cuts in research. The scientists, who claim that promotions have been cut by more than half, are employed in the Directorate General of Research.

Rowntree makes £36.1m. rights issue to aid expansion

BY CHRISTINE MOIR

ROWNTREE Mackintosh surprised the stock market yesterday with a £36.1m. cash call to its shareholders, less than two years after its last £12.4m. rights issue and only three months after it had raised £18m. in foreign currency bonds.

The company said that there had been a significant upsurge in its capital spending. Last year the confectionery and groceries group spent nearly £24m. on new plant and expansion, £8m. more than the previous year.

This year it plans to spend about £38m. and this is the sort of annual level that can now be expected from the group. It is not just a "sudden spike," the company said yesterday.

The money is to be spent throughout the group, but there will be special embpasis on expanding production of Kit Kat and Yorkie confectionery bars.

The market's reaction to the one for four issue, which is pitched at 345p. and underwritten by J. Henry Schroder Wagg, was mixed but generally favourable. The shares finished the day 18p lower at 400p, but in the main dealers were happy about the group's timing and the fact that the money is for further expansion after three years of recovery and then profits growth.

The 59.1 per cent. forecast dividend rise—to 13p net for 1978—was also well received, despite a warning that dividend control regulaitons are still an unknown factor and might possibly prevent the increase if they are altered.

More important, however, was the company's claim that "a rights issue was not absolutely necessary at the moment." At the December balance sheet date, borowings stood at £57m. (including February's bond issue) against shareholders' funds of £123.5m. At the time of the last rights issue borrowings were £43.2m. and shareholders' funds only £57.3m.

The balance sheet reveals that working capital requirements last year rose by nearly £25m., and the company says that a further increase can be expected this year in line with the expansion programme already completed.

However, part of the rise last time was due to an "abnormal" increase in stocks to correct an unusually low position and this is not likely to be repeated again this year, the company said.

The two Joseph Rowntree trusts between them hold 6.5m. shares, or 15 per cent. of the equity. Both trusts have adopted a policy of reducing their holdings in the company and it is not yet known whether they intend to take up their rights. At the last rights issue they took up only a portion.

Oil pollution fight setback

FINANCIAL TIMES REPORTER

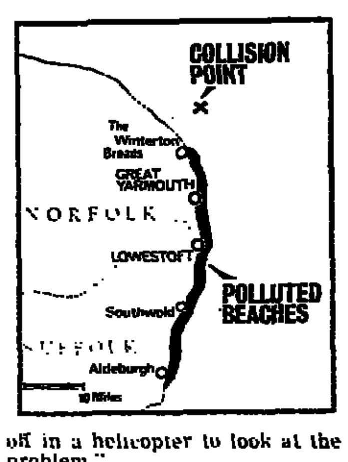
HEAVY OIL continued to seep from the wreck of the Greek tanker Eleni V yesterday polluting the beaches of East Anglia as divers attempting to fix a second tow line to the bow suffered a major setback.

They found that they were welding directly over a full tank and work had to be halted because of the risk of an explosion.

The Department of Trade said not only was it impossible to continue with the operation to fix a 4-foot high metal "eye" but it was also impossible to undo the work already done.

"Everyone here is very disappointed. Nothing has changed but we have lost a day.

"The diving manager and the tug company manager have taken off in a helicopter to look at the problem."



In an emergency one tow could be used but there is risk of it breaking.

Everything now hinges on how much oil there is left in the bow section of the Eleni V, three miles off Lowestoft.

he oil is seeping out of the three 1,000 gallon tanks every time the bow section is buffeted by wind and tides.

It had been hoped that by last night tugs would have been able to tow the section out to deeper waters and sink it.

he only other option is to pump the oil out, but this is difficult and costly.

Earlier, after flying over the area Mr. Stanley Clinton Davis, Under-Secretary for Trade, urged holidaymakers not to cancel their bookings. The pollution now covers 35 miles of coastline.

Council workers have been cleaning the beaches—mainstay of the area's £20m. tourist industry—and are confident the oil can be removed.

But a boom designed to stop oil flowing up river from Great Yarmouth towards a bird reserve broke. It is not known yet how much oil went up with the tide.

So far most local wildlife seems to have escaped the pollution.

Department of Trade officials will face some tough questioning by a Commons committee to-day. Roseline.

The committee is the trade and industry sub-committee of the Expenditure Committee, which holds its first public hearing into tanker safety. Although the meeting was fixed before the Amoco Cadiz and Eleni V disasters Trade Department officials are bound to face questions about the incidents.

The committee is due to report on the pollution threat posed by tankers to the British coastline and the adequacy of existing clean-up arrangements.

It may also examine the question of shipping separation routes, which do not exist at the spot where the Eleni V collided with the French merchant vessel Roseline.

John Moore writes: The cost of pollution to the East Anglian coast by the Eleni V is insured up to £27m., in the British insurance market. The hull of the 13,000-ton Eleni is not insured in the London market.

Continued from Page 1

Moro's body found

A communique has not been released by the ultra-Left Red Brigade terrorist group which on Friday night announced it was about to carry out "death sentence" on Sig. Moro for his so-called "political crimes."

This followed the repeated refusal of the Government and the country's political forces to give in to terrorist demands for the release of 13 named prisoners — including Sig. Renato Curcio, the ideological leader of the subversive movement on trial in Turin—in exchange for Sig. Moro's freedom.

Italy's political parties unanimously condemned the assassination. Sig Benigno Zaccagnini, secretary-general of the Christian Democrat Party, ordered all party branch offices to remain open to-night and to fly the party flag at half-mast. He said: "Moro's faith in freedom still lives in our hearts."

Sig. Enrico Berlinguer, Communist Party leader, expressed his profound indignation

The family of the former Premier asked to-night that no State funeral nor public demonstration be held. In a statement the family said: "The family closes itself in silence . . . Let history be the judge."

Sig. Ugo la Malfa, veteran Republican Party leader, said to-night that the death of Sig. Moro represented a "challenge and an open declaration of war against the State."

The only consolation for the authorities is that the assassination of Sig. Moro failed to precipitate the state of chaos hoped for by the terrorists and to destabilise the political framework in which, for the first time in about 30 years the Communist Party directly supports a minority Christian Democrat administration. That agreement — largely inspired by Sig. Moro— was ratified on the day when the former Premier was kidnapped.

In spite of intense internal pressures from its own party, the minority Government of Sig. Giulio Andreotti maintained throughout the 55-day captivity of Sig. Moro a firm and intransigent stand of "no surrender to terrorist blackmail," openly and unambiguously supported by the Communists, Italy's second largest political party.

Our Foreign Staff adds: The murder of Sig. Moro prompted a flood of messages of sympathy and outrage from West European countries, the U.S. and international organisations.

The Queen sent a message to Sig. Leone saying she was shocked and saddened by the news of Sig. Moro's death and asked for her condolences to be passed to the former Premier's family. Mr. James Callaghan sent notes of condolence to Sig. Moro's family and to Sig. Andreotti.

The U.S. State Department described the killing as a contemptible and cowardly act.

Continued from Page 1

CBI tax call

nock, of ICI, the delegation also argued that the tax changes should not be paid for by increases in employers' national insurance contributions.

This was one of the options raised by Mr. Healey in the Commons on Monday night.

Yesterday he was told that a 1 per cent. increase in the contribution, while raising £700m. for the Government in a full year, would increase labour costs to such an extent that it could cause 40,000 jobs to be lost with at least 25,000 of these ending up as unemployed. It would also adversely affect exports and profitability.

The confederation said they would prefer to see the tax changes financed by cutting public expenditure and by introducing a single 10 per cent. value added tax rate.

They estimated that this would add only between ½ and 1 per cent. to the retail price index and would yield £400m. this year and £675m. in a full year.

During the talks the confederation leaders also gave their thoughts for the next stage of the pay policy.

These ideas, to be considered by the confederation's council next week, involve the setting up of a new Parliamentary select committee which would review the country's economy and recommend what could be afforded in price and wage rises.

But no firm levels for pay norms have yet been set by the confederation, which is operating on working assumptions that company wage bills will rise by 8 to 9 per cent. in the 12 months starting in August, based on a target "norm" for settlements of about 5 per cent.

Chapple scoffs at pay 'illusion'

By Nick Garnett, Labour Staff, in Scarborough

MR. FRANK CHAPPLE, the power workers' leader, yesterday ridiculed the idea that a productivity deal just concluded in the industry was within the Government's pay guidelines.

Mr. Chapple, general secretary of the Electrical and Plumbing Trades Union and leading union negotiator, said that the self-financing part of the deal was "an illusion."

Self-financing productivity agreements are exempt from the 10 per cent. earnings limit of Phase Three. In the case of the 90,000 power wokers, an average 7 per cent. is added to the basic 10 per cent. settlement.

In a speech to the union's electrical supply conference at Scarborough, in which he warned the Government not to try to enforce any further "fixed norm" pay policy, Mr. Chapple said power workers would not be asked to put in any more effort than they were now.

The deal was based on sales of electricity and sales of appliances, and the latter, at least, were falling. "I can't see how you can get a productivity scheme out of that," said Mr. Chapple. Somehow the Electricity Council had managed to work one out with the Department of Energy.

Chuckles

At one point he read out some of the more complicated parts of the agreement, to chuckles from delegates.

Later at the conference, Sir Francis Tombs, Electricity Council chairman, lamented the falling sales of a range of electrical goods, and said that last year the sale of electricity itself had risen less than 1½ per cent.

The Department of Energy, rebutting Mr. Chapple's claim last night, said: "As far as we are concerned, the deal is self-financing within the guidelines —and also self-correcting with a review every three months.

"It is based not only on sales of appliances and electricity, but also on the utilisation of existing resources. If they can sell the same amount of electricity for less cost, that will count, too."

Turning to incomes policy, Mr. Chapple said that enforcement of a fixed norm would lead to a confrontation between power workers and the Government reminiscent of the 1974 battle between the miners and the Tories.

Weather

U.K. TO-DAY

DRY with some sunshine. Rain likely in the E. later.

London, S.E.,S., N. England, Midlands, Channel Is.
Mainly dry, sunny periods. Showers later. Max. 17C. (63F).

E. Anglia, E., N.W. England
Sunny intervals, rain later. Max. 15C-16C (59F-61F).

S.W., N.W. England, Lakes, Wales, I. of Man, S.W. Scotland, Glasgow, Cent. Highlands
Dry, mainly sunny. Max. 18C-19C (64F-66F).

Borders, Edinburgh, Dundee, Aberdeen
Mainly dry, sunny intervals. Max. 15-19C (59-66F).

Moray Firth, N.E. Scotland, Orkney, Shetland
Mainly dry, sunny intervals. Max. 13C-14C (55F-57F).

Argyll, N.W. Scotland, N. Ireland
Mainly dry and sunny, rain possible later. Max. 17C-18C (63F-64F).

Outlook: Mostly dry with sunny spells.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Amstrdm.	S	17	63	Madrid	C	16	61
Athens	S	20	68	Manchstr.	S	18	64
Bahrain	S	30	86	Melbourne	R	17	63
Barcelona	C	16	61	Mexico C.	S	29	84
Beirut	S	23	73	Milan	S	20	68
Belfast	S	16	61	Montreal	C	15	59
Belgrade	C	16	61	Moscow	C	17	63
Berlin	S	16	61	Munich	D	9	48
Birmghm.	S	15	59	Newcastle	S	14	57
Bristol	S	16	61	New York	R	16	61
Brussels	S	17	63	Oslo	C	12	54
Budapest	C	14	57	Paris	F	17	63
B. Aires	S	23	74	Perth	S	18	64
Cairo	S	31	88	Prague	C	9	48
Cardiff	S	16	61	Reykjavik	C	8	46
Chicago	C	11	52	Rio de J'o	C	30	86
Cologne	S	17	63	Rome	C	17	63
Copnhagn.	S	16	61	Singapore	S	27	81
Dublin	S	14	57	Stockholm	C	5	41
Edinburgh	S	14	57	Strasbrg.	C	14	57
Frankfurt	F	15	59	Sydney	S	23	73
Geneva	F	16	61	Tehran	S	23	74
Glasgow	S	17	63	Tel Aviv	S	23	73
Helsinki	F	8	46	Tokyo	C	20	68
H. Kong	S	30	86	Toronto	C	14	57
Jo'burg	S	23	74	Vienna	R	13	55
Lisbon	S	15	59	Warsaw	C	15	59
London	S	17	63	Zurich	C	10	50
Luxembrg.	F	15	59				

HOLIDAY RESORTS

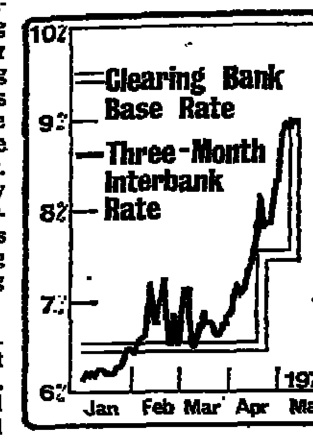
Ajaccio	C	16	61	Istanbul	S	19	66
Algiers	F	23	73	Jersey	C	11	52
Biarritz	C	14	57	Las Plms.	S	24	75
Blackpool	S	16	61	Locarno	S	22	72
Bordeaux	C	16	61	Majorca	T	20	68
Boulogne	S	15	59	Malaga	S	22	72
Casablnca.	C	19	66	Malta	S	20	68
Cape Town	R	15	59	Nairobi	C	20	68
Corfu	C	15	59	Naples	F	16	61
Dubrovnik	C	16	61	Nice	C	17	63
Florence	F	20	68	Oporto	C	14	57
Funchal	S	20	68	Rhodes	S	21	70
Gibraltar	F	22	72	Salzburg	R	9	48
Guernsey	C	10	50	Tangier	C	18	64
Innsbruck	R	11	52	Tenerife	S	24	75
Inverness	S	14	57	Valencia	T	16	61
I. of Man	S	13	55	Venice	F	18	64

C—Cloudy. D—Drizzle. F—Fair. R—Rain. S—Sunny. T—Thunder.

THE LEX COLUMN

Monetary targets under attack

Index fell 9.0 to 471.1



Oh dear! The April banking statistics are even worse than the "doom-and-gloom" merchants had been predicting. A 3.1 per cent. rise in eligible liabilities could mean that sterling M3 grew by as much as 2 per cent. during the last banking month and the Chancellor's Budget prophecy that the figure for 1977-78 will probably be "just above the 9 to 13 per cent. range" now looks decidedly optimistic. The immediate verdict of the financial markets was to mark down the price of long dated gilts sharply, and sterling dipped in sympathy.

There is no easy explanation. Clearing bank advances did not look particularly buoyant, although there was a substantial increase in their commercial bill holdings. The outflow from sterling does not seem to have had the sort of impact some observers had been anticipating and it seems that the PSBR was even more buoyant than expected as Government departments tried to avoid underspending their year's target.

There is no doubt an element of truth in the last explanation —this time last year the April eligible liabilities rose by a surprisingly large 2.5 per cent. Nevertheless, the latest figures are bad and provide a severe test for the Government's well publicised monetary targets.

The period of uncertainty over interest rates is far from over and some hawks in the money markets are talking of a 10 per cent. MLR. Clearly the Bank of England has to give a lead if it wants to start selling gilts again in the short term. The only consolation is that the latest growth in the banking figures occurred while MLR was at 6½ per cent. It is now 8¾ per cent. and for the first time in a long time investors are earning a real rate of return on gilts.

Costain

For the second year running Richard Costain has rounded off the major U.K. contractors' results season with record results. This time pre-tax profits are 55 per cent. higher at £36.2m. and well ahead of most expectations, with group turnover a fifth up at £432m. In contrast, John Laing recorded a 30 per cent. profit improvement, while at Wimpey the increase was 15 per cent. The main disappointment has been Taylor Woodrow, where profit growth was less than 7 per cent., despite the fact that a 60 per cent., though declining, chunk of the total was earned on overseas orders.

But at Costain, overseas work has increased still further, and now represents around 70 per cent. of sales and perhaps three-quarters of profits. The widespread and well-developed nature of all this activity is undoubtedly the main factor behind this year's results. All the main overseas areas seem to have turned in excellent performances. In terms of local currency, Canadian profits (in which Costain has a 49.9 per cent. associate stake) are 45 per cent. up, while Australia is 30 per cent. ahead, Nigeria is up one-third, and the Middle East contribution has increased by 60 per cent.

On top of this the U.K. picture has improved, and Costain's house-building side has broken even at last. The figures have also benefited from Costain's highly liquid position (it had around £50m. net of short-term loans, in the bank at the balance sheet date) with interest received up £1m. at £3¼m. for the year.

Against this background Costain should be able to produce pre-tax profits for the current year of around £40m. Although the shares put on 10p yesterday to 300p the historic p/e on a 44 per cent. tax charge is still below average at 6.6.

Rowntree Mackintosh

Rowntree Mackintosh's £36m. rights issue is a stroke of opportunism. If any confectionery company needed a rights issue it was its larger rival, Cadbury Schweppes, not Rowntree. It is less than two years since its last rights issue and Rowntree's balance sheet is now in a far healthier state than it was then. However, with its share price breaking into new high ground it was clearly not going to miss a golden opportunity to bolster its shareholders' funds. The dividend has been increased by 59 per cent. which looks a trifle mean given that there will be significant earnings dilution. But Rowntree has turned in above average growth before and there is no suggestion that its profits growth is going to tail off sharply over the next few years. This year profits could rise from £41.5m. to close to £50m. and there is a good chance that in 1979 it could overhaul Cadbury Schweppes, whose turnover is nearly twice as large. So an ex-rights yield of just under 5.0 per cent. is not too stingy.

Lesney

Even an expedient switch to an average rather than closing rate basis for currency translation—helping pre-tax profits by some £300,000—has not prevented Lesney's results from showing the scars of currency movements. Thus currency gains dropped from £2.9m. in 1976-77 to £0.5m. in 1977-78, and pre-tax profits are £8.02m. against £10.07m. This still appears to leave a small underlying improvement, however, and similarly the 12 per cent. rise in turnover could reflect a small volume gain, all of which reflects a creditable performance in a fairly dull year for trade.

Currency factors apart, prospects are usefully better for the current year. A general improvement in demand has been noticed, probably reflecting a world-wide move by the toy trade to restock the pipeline which has become depleted. Meanwhile Lesney is moving up market, launching its car racing track sets in various countries.

Certainly the group has been investing heavily, capital spending reaching £4.2m. last year while last month's purchase of Metal Castings Doehler cost £2.3m. The hope is that pre-tax profits could move back above the 1976-77 peak this time, so a p/e at 69p of 4.8, on a 41 per cent. tax charge, should ease significantly. Meanwhile the yield is a decent, if unexciting, 6.4 per cent.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.

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